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"Over Twenty Years Of Service"

The Magazine of Wall Street

Mid-Year Dividend Forecast Part I

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August 11TH 1928

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Over 100 Stocks Rated for Market Prospects

Railroads ~ Public Utilities and Five Special Groups

An Encyclopedia of Information for the Investor

Vol. 42. No. 8

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Aug. 11, 1928

WITH THE EDITORS

A Lesson Still to Learn

SEEMINGLY, human nature is incapable of learning from past experience except at great cost. A man will not deliberately lay himself down on a railroad track unless intent upon suicide. Yet, through pursuit of reckless and foolish methods, he may commit financial suicide not merely once but many times. Of the many speculators who were caught at the top of the market a few months ago with many times the amount of stock they should have been carrying, a goodly percentage could have been found doing the same thing just before the 1926 break and upon other similar occasions. This magazine has preached for years the sensible doctrine of restraint in security purchases. It has urged that when speculative fever has caught the country, individuals resist its contagion with all possible strength. It has pointed out what all men know in their saner moments to be true, that sooner or later those who defy the old rule of care in the selection of securities and discretion in the amount they buy will live to regret their lapse from prudence.

We believe that readers of this publication, for the most part, have followed these precepts either because they have convinced themselves of their soundness or because they have been convinced by our stand. We wish that they would carry this gospel to their friends and acquaintances who may be in need of sound advice.

We shall repeat what has been stated in these columns on many occasions. In the first place, where possible, securities should be selected on the basis of essential soundness. If possible, they should be purchased on an outright basis or at least on a very conservative margin. Investors should not allow themselves to be captivated by the hope of making an easy fortune on a "lucky play" in the market and plunge on hundreds or thousands of shares where they should be holding perhaps only a small fraction of such an amount. Fortunes have been made in this way, it is true, but such cases, on the whole, have been exceptional.

The old fable of the tortoise and the hare could be very well applied to the stock market and investors may still learn a much needed lesson from it. Otherwise, they will be in the position of wagering their hard-earned money on something less than an illusion.

How many would like to be in the position of the unfortunate investor who possessed a considerable capital a few months ago but who weakly fell to the lure of making a large fortune in the market quickly and subsequently was caught in the crash, becoming so involved that he had to accept a loss which brought his savings down to less than half the amount he had formerly? Money can be made by speculation in securities but it should be kept on a moderate basis. The lure of making a speculative profit is strong in all of us, its possibility is by no means remote, but people should not risk more than they can afford. They will, in that case, certainly rest easier and, in all probability, do better at the game than if they risked their all.

Coming Features of Importance

During the next few issues, we shall publish a number of particularly timely and important articles, of genuine value to investors. Among such are:

(1) Position and Outlook for the Cigarette-Manufacturing Companies
—a vital subject to holders of this class of securities in view of the prevailing uncertainty.

(2) Securities Which Will Become Bargains on Recessions
—a thorough analysis of fundamentally sound issues which are attractively priced and which would be among the first to advance when market conditions improve.

(3) Comprehensive Analyses of Special Stocks
—acquainting readers with the characteristics of a number of issues of striking merit but which are not in the public eye. These articles will be published independently either as one- or two-page analyses.

Coming issues of The Magazine of Wall Street should be found particularly helpful in view of their current appeal.

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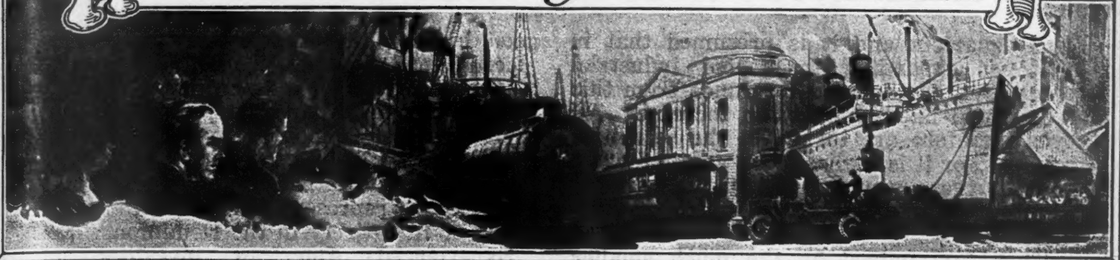

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INVESTMENT & BUSINESS TREND

Earnings of Corporations Show Increase—Money Situation Still Tight—Crop Outlook and the Railroads—Canadian Prosperity—The Market Prospect

EARNINGS of the leading corporations of America for the first six months have indicated that thus far the year has bettered expectations. It had been commonly expected of course that the two leading industrial corporations, General Motors and United States Steel, would turn in satisfactory reports. The really surprising feature is the general increase in earnings for a large number of smaller enterprises.

This result can be ascribed partly to a substantial volume of business flowing more or less evenly during this period, and partly to concentrated efforts toward economical operation. The latter achievement is hardly appreciated as yet but it is a fact that in the past several years, the average company has bent every possible effort toward elimination of waste and duplication of effort. Obsolete plants have been and are being scrapped; internal improvements in management have been carried out; corporations have utilized the period of low money rates to fund their debts at less costly figures; and inventories have been kept down to a comparatively low figure.

Aided by highly efficient transportation supplied by the railroads under modern conditions, industry has fared well, especially since it is considered that the margin of profit owing to extreme competition has dwindled. This latter factor, of course, is the great problem with which business must contend today. In many lines, the margin of profit is so small as to compel the utmost rigor in efficient management lest the business be carried on at a loss. It has dawned on the chief executives that under any but really depressed business, the average line of industry and trade can be conducted at a profit, though small in relation to the unit of sales, provided there is no let-up in efforts toward efficiency and economy.

The successful execution of this policy is one of the chief factors in the rather surprising increase of earnings for representative corporation during the first half of the year. With the volume of business now actually facing an increase, it would seem reasonable to assume that earnings during the second half of the year will at least duplicate those of the first half.

MONEY SITUATION

EXCEPT for a brief but sharp runup in the call money market, due partly to larger demand for funds occasioned by the month end dividend and interest requirements, and partly to the American Telephone financing, there has been no striking change in the basic money situation. Time money remains firm at 6% and will probably be sustained at this figure for some time to come. Commercial loans are at 5½%. The rediscount rate is now almost uniformly at 5% at the twelve regional banks.

Preparations are being made for an increase in demand for funds from agricul-

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tural quarters and it is presumed that in view of expanding trade and industrial operations, the demand for funds from this source will likewise show an increase. All eyes therefore are turned to the securities markets for it is realized that any untoward activity there would probably again bring about a strained condition in the money market.

Thus far, judged by the much smaller scope of transactions on the various exchanges and the tempered speculative activity, it seems likely that for a time at least the market will be held in bounds. If this should prove the case until after agricultural requirements at least are met, it is possible that no further tightening in money will occur during the nearby future. But, as stated, this depends on whether or not the market "behaves itself."

CROPS AND RAILS

INDICATIONS are now that there will be a bumper wheat crop and a large-sized-cotton crop. Corn and other grains are abundant. Prices of wheat have been weaker of late due to the expectations for a large crop but have probably discounted this situation. Corn has been stronger and cotton has done fairly well, under the circumstances. The general net yield from all the crops in spite of the somewhat lower price level should be in excess of 1927. For this reason, it is expected that business in general will profit. Railroads, especially those that will have to haul the bulk of the coming crops, have prepared for the situation and should show an increase in traffic. With operating expenditures in hand, it would not be surprising to witness a rise in earnings for many of the carriers during the balance of the year that will compare well with the results for the same period of last year. The roads in the north and southwest are expected to turn in especially good reports and their shares seem in an advantageous position. The southern roads, too, seem in a good position as to nearby prospects.

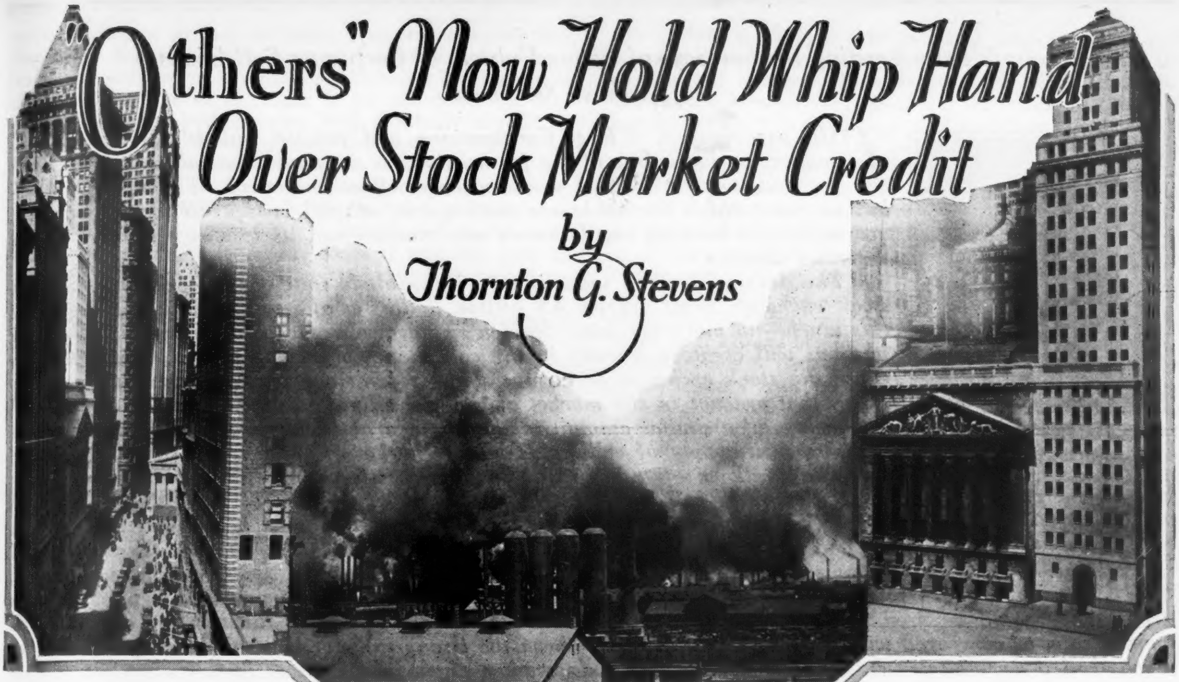
CANADIAN PROSPERITY

BUSINESS conditions in Canada are more active than in several years. An excellent wheat crop is expected and the large increase in mining and commercial operations have combined to produce a satisfying picture. Banking operations are now increasing as a result of these conditions. Incidentally, good business in the past few years has placed Canada in a position where she is able to export capital in a fairly large amount. During the past four years, Canadian net capital exports amounted to over 600 million dollars, according to a report by Dominion Bureau of Statistics. A large part of these exports represent foreign issues floated partly or in entirety in the Dominion.

Experienced American investors, of course, are quite familiar with the status of Canada and her investment markets. Earlier in the year there was a very considerable speculation in many Canadian securities. This dried up at the same time as the drop in speculative interest in America. From the investment viewpoint, however, for such investors who are in a position to consider issues not strictly domestic, the Canadian field offers an attractive opportunity. Incidentally, speculation in Canadian bank stocks has never been carried to an extent at all comparable with recent conditions in America and many of them seem soundly priced from an investment viewpoint. American investors should broaden their horizon by studying this interesting field of securities.

MARKET PROSPECT

TORN between the desire to reflect the strong probability of an improving earnings picture for business and industry and the desire to behave circumspectly in view of the strained money situation, the market has been giving an interesting exhibition of alternately blowing hot and cold. While the rank and file of stocks, and this includes almost all the investment issues have been hanging back or yielding a bit, powerful pool stimulus to a number of important issues has given the market a general aspect of underlying firmness. Indications are that the technical position is fairly firm and that general liquidation has practically ceased. Nevertheless, with prospects for dearer money ahead for early autumn, it seems difficult to come to the conclusion that a broad upward movement in stocks is imminent. More likely, the same selective process which has been a recent feature will probably continue. The oil stocks seem in an especially strong position owing to the improvement in the industry. Railroad issues should do better since traffic seems sure to increase in the near future. Steel stocks act well and metals seem in a good position. Investors should continue a policy of great caution and refrain from making commitments on a large scale at this time. Monday, August 6, 1928.



THERE was a time when cartoonists of the radical press entertained their readers with caricatures of amply proportioned bankers standing over the stock market with a whip in one hand and a money bag in the other. The implication was that these "enemies of the peepul" forced the prices of stocks up and down to suit their fancy through the adroit use of bank credit and to the sorrow of common folks. Just how this was done was never made quite clear but there was conviction in every line and curve of these sketches.

Newspaper cartoonists today might use the same subject, but if they are to picture the true situation they must change their labels. The corpulent gentleman who furnishes most of the stock market credit would have to be labelled "Mr. Commonperson." He might appropriately be attended by a haggard and anxious looking lackey. This second party might be labelled "Mr. Banker." Instead of the familiar whip, a good substitution would be a feather duster. At least, here is a suggestion for some enterprising newspaper artist.

Feeling the Pinch

In the past, bull markets have come to an end because there was not sufficient bank credit available to support high prices. This factor was particularly prominent under the old banking regime, when the supply of credit was not nearly as elastic as it is today. When a business boom and a stock market boom occurred at the same time, there was not sufficient money to go around. When the pinch was felt, it usually was the stock market that suffered because business loans were made for a specific term and could not be contracted immediately. Banks called their "street loans" and the private traders and professional manipulators who had purchased stocks on borrowed funds were forced to liquidate their holdings. To the uninitiated, the inference was clear—the bankers pulled the strings of their money bags and stock market prices toppled like a row of ten-pins. Hence, these newspaper cartoons which were neither pleasing to the bankers nor amusing to that part of the public which was counting its losses.

Those who are familiar with the requirements of sound banking practice have never criticised the banks for contracting their loans to stock brokers when credit became scarce and dangerous inflation was threatened. The banks had no choice in the matter if they were to protect their depositors and shareholders. The banker was just as much a victim of the so-called "prosperity cycles" as the business man and the stock market operator.

A Novel Situation

Although never intended to be its primary function, it was believed by the sponsors of the Federal Reserve system that the creation of these central banks would be effective instruments for putting an end to these characteristic boom and depression periods. In the severe depression and money scarcity following the war, the Reserve system proved its worth, although Reserve officials were subjected to a good deal of criticism for permitting the commodities and securities booms of 1919-1920. It was sound to end the emergency with its huge credit reserves, said the critics of the Federal Reserve system after the smoke had cleared away from the crash in 1920, but the banking community should never have permitted these booms in the first place. Now these same critics are getting a word in before their expected crisis occurs. Viewing an expansion in brokers' loans of some billion and a half dollars since the Spring of 1926, the anti-inflationists are saying amongst themselves —"bankers should withdraw their support to this securities boom."

This view, however, completely overlooks one important consideration—indeed a startling fact when discussed in terms of calling a spade a spade. The plain facts of the case are that for the moment the banks have lost whatever prestige of control they ever held over stock market credit. Outside participation in the call money market has virtually nullified every effort that the banking community has made to check the flow of funds into stock market channels. Whatever might be said in the past about the banks pulling the strings of their money bags and precipitating a crash in stock market prices, applies neither in theory nor in practice today. The tune may still be a sweet one for radical propaganda, but the words have changed. If 10% call money ever sent the pool operators scampering, today it brings thousands of comparatively small lenders into the money market eager to play a part in financing the stock market at this price.

It is assumed by many traders that the Federal Reserve officials and other conservative members of the banking community are anxious to hold the stock market in check. At best this is an assumption, but let us carry it to its logical conclusion. The Federal Reserve banks undoubtedly have a great deal of influence in the banking practices of

What a Leading Banker Says of Rising Volume of Corporate Call Loans

An Exclusive Statement

© *Harris & Ewing*

Francis H. Sisson,
Vice-President,
Guaranty Trust Co.

THE participation of large Corporations and private individuals in the call money market is one of the features of our national financial leadership which we have not yet learned to place under effective control. The 1.5 billion dollars or more which the banks are placing for "others" in the call money market is not subject to banking regulation in any manner and its existence harbors several potential dangers.

The demand for call loans is very inflexible in spite of the large volume. When stock exchange firms borrow 4.5 billion dollars as of a certain date, they need just this much—no more nor less. Sudden withdrawals of as comparatively little as 25 millions will create a scarcity in the call money market that will affect rates, because the stock exchange firms must bid up for money, sufficiently high to attract funds that are not in the market at the prevailing rate. Contraction of brokers' borrowings of a similar amount in the absence of withdrawals would leave a momentary over-supply of call funds in the market.

The presence of a large non-banking participation, for these reasons, adds instability to the call money market. The sharp run up of the call rate such as occurred during the first week of July and the subsequent heavy offerings of funds that were attracted by the high rate, represents an unsatisfactory situation for all parties concerned with the transaction; the bank, the "outside" lender and the stock exchange borrower. The banks suffer from this situation in that these funds are frequently withdrawn from their deposit accounts where they could be used profitably and directly to meet the needs of business. But the lure of a high call money rate, as compared with normal deposit rate has been too strong to be resisted, and this great factor of uncontrolled accumulated funds has been the most important element in the recent money situation.

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the nation because the Reserve system encompasses the individual banks themselves.

Federal Reserve Influence

Member banks keep their legal reserves at the central banks and have the privilege of using the credit of the system for their ordinary banking operations under conditions specified by law. As long as these conditions are complied with and the aggregate borrowings of member banks are not out of proportion to the gold reserves of the system, the Reserve officials have little control over the operations of their member banks beyond their privilege of offering good banking advice to their fellow bankers and making such borrowing more costly through raising the rediscount rate. The important thing is that the Reserve officials are not in a position to say to the member banks: "You must cut down your loans to brokers and lend money to business men and merchants." At least they could not enforce any such procedure, no matter how beneficial it might be to the country at large.

But let us suppose that a little fatherly advice to member banks is adequate—what happens then? The best way to answer this timely question is to show what has happened during the past seven months, during which the Federal Reserve officials have at least made gestures which to some observers look like "thumbs down" on excessive stock market speculation.

The New York banks — member banks in the Second Federal Reserve District—have always been looked upon as the main source of credit for stock market operations. This is why the weekly statements issued by the Second Reserve Bank on brokers' loans have come to attract so much attention ever since the early part of 1926 when these figures were first published. The statements show how much money the member banks in this district loan to brokers out of their own resources; how much they handle as correspondents for banks in other parts of the country, and how much they handle as money brokers for private individuals, corporations, foreign institutions and "others," all of the latter being grouped together and given the much discussed label of "for the account of others."

During the early part of this year, the New York banks had loans of over one and a half billion dollars on their books as the sum which they had loaned to brokers out of their own resources against stock exchange collateral. This is the largest sum which they had ever loaned for this purpose since the figures were first made a public record and probably the largest in banking history. More than three quarters of the brokers' loans are demand loans—or to use a more familiar name "call loans." As correspondents for out of town banks they had placed an additional 1.4 million dollars in brokers' loans. All loans reported under the term "for the account of others" were a little over 900 million dollars at this same period, which was close to the high mark up to this time and compared with a little more than half a billion dollars in the Spring of 1926.

Since the first of the year, we may assume that the New York banks have been heeding the dictates of their own conscience, the so-called "warnings" of the Federal Reserve Board and a little gentle compulsion in the form of three successive raises in the rediscount rates of one-half of one per cent each. What is the result? Their own loans have been reduced by almost 700 million dollars. This was offset to a nominal extent by an increase in the loans which they placed for out-of-town banks, but, nevertheless, the brokers' loans by all banks were reduced by more than 500 million dollars.

Outside Participation

But, in the meantime, the outside participation in the call money market has grown tremendously. Loans to stock brokers which the New York banks have been handling as "money brokers" for private lenders have practically doubled since the first of the year. At the end of the first seven months they stood at 1.8 billion dollars—more than either the loans of the New York banks or the out-of-town banks. Furthermore, during the past few months, the weekly statement of the New York Federal Reserve Bank has disclosed a tragic little story, as far as the efforts of the bankers to control stock market credit is concerned. Week after week, the bankers have been calling in their own loans—pulling the money strings, according to the popular conception of a decade or so ago—while week after week, private lenders have been attracted by the higher call money rates and placed their funds in call loans.

But cannot the banks control the flow of funds into the call money market in view of the fact that it all passes through their own institutions? Theoretically, yes—they could refuse to place money on call for others; in actual

practice it is not so easy as that. Competition among the New York banks is quite keen at the present time and business is solicited on the basis of the broad service which each bank is prepared to render to its customers. If Mr. Jones, an average business man with a $50,000 deposit in the National Trust Company, asks the bank to place $25,000 in the call money market, the bank can hardly refuse. The Second National Trust Company, across the street, advertises that it will place funds on call and Mr. Jones may withdraw the entire $50,000 deposit and do business with the other institution. Mr. Jones is probably getting somewhere between 2 and 3% on his balance and when he sees call money at 8% he wants to help finance the stock market in his own modest way, and incidentally increase his own income for the time being by several per cent.

Banking reforms are urged in order to check this practice. It is felt that the present excessive ratio of "bankers" to stock brokers is undesirable. Private corporations and individuals find sudden needs for their call loans and such withdrawals make the call rate very unstable. The high rate, in turn, brings thousands of such lenders into the market and the rate is forced down, irrespective of a strong or weak banking position. Both the banker and his stock broker borrower find themselves at the mercy of an uncontrolled flow of credit, which as it is reflected in widely fluctuating call money market introduces a new element of uncertainty in the trend of security prices.

An Unusual Performance

The undesirability of this situation from the stock market point of view was demonstrated about a month ago in one of the most unusual spectacles that the New York money market has witnessed in recent years. Many large corporations had placed their surplus funds, temporarily, in call loans subject to immediate withdrawal without notice. On July 1st, many of these corporations had accounts to settle, interest and dividend payments to meet and other purely seasonal demands for funds. Heavy withdrawals were made out of the call money market and the rate ran up precipitately to 10%—a sort of a diminutive money panic in spite of the protection to our national banking reserves that is supposed to be provided by the Federal Reserve system.

Will this performance be repeated when business corporations require funds for their own business during the coming fall months? This depends, of course, upon the demand for commercial capital and the course of the stock market which will develop in the meantime. But that it is a possibility is indicated in the current trend of loans placed on a term basis and on a certain nervous tone in the stock market itself. The bankers are making valiant efforts to cut down their borrowings at the Reserve banks so that they may be prepared to meet the double demands of the stock market and of business and crop movements in the fall. On top of this, should heavy withdrawals of private funds in the call money market materialize, it is likely that the stock market would be the first to feel the pinch as it always has been.

The trouble is that this item "for the account of others" in the brokers' loan statement is a good deal of a mystery account. No one knows definitely what is the real source of this capital, not even the bankers themselves. Some of it is drawn from the cash balances of large corporations, which is likely to be withdrawn only if business activity picks up in coming months. A large portion is thought to be placed by private individuals, who are drawing on their deposits in the banks to take advantage of the higher return. Much of it is foreign money, which is sent to this country in anticipation of financing the coming crop movements, for European credit has always played a conspicuous role in the financing of our fall crops.

A Reform Needed?

It has been urged that some effort be made to clear up the "mystery" of this "others" account, either by the Federal Reserve officials, the New York Clearing House Association or perhaps by the New York Stock Exchange. All three are interested parties on their own behalf and in the broader interest of sound financial practice. For many years, call money was placed by the banks as a sort of an accommodation to their customers. The accommodation was only taken advantage of by lenders who had large

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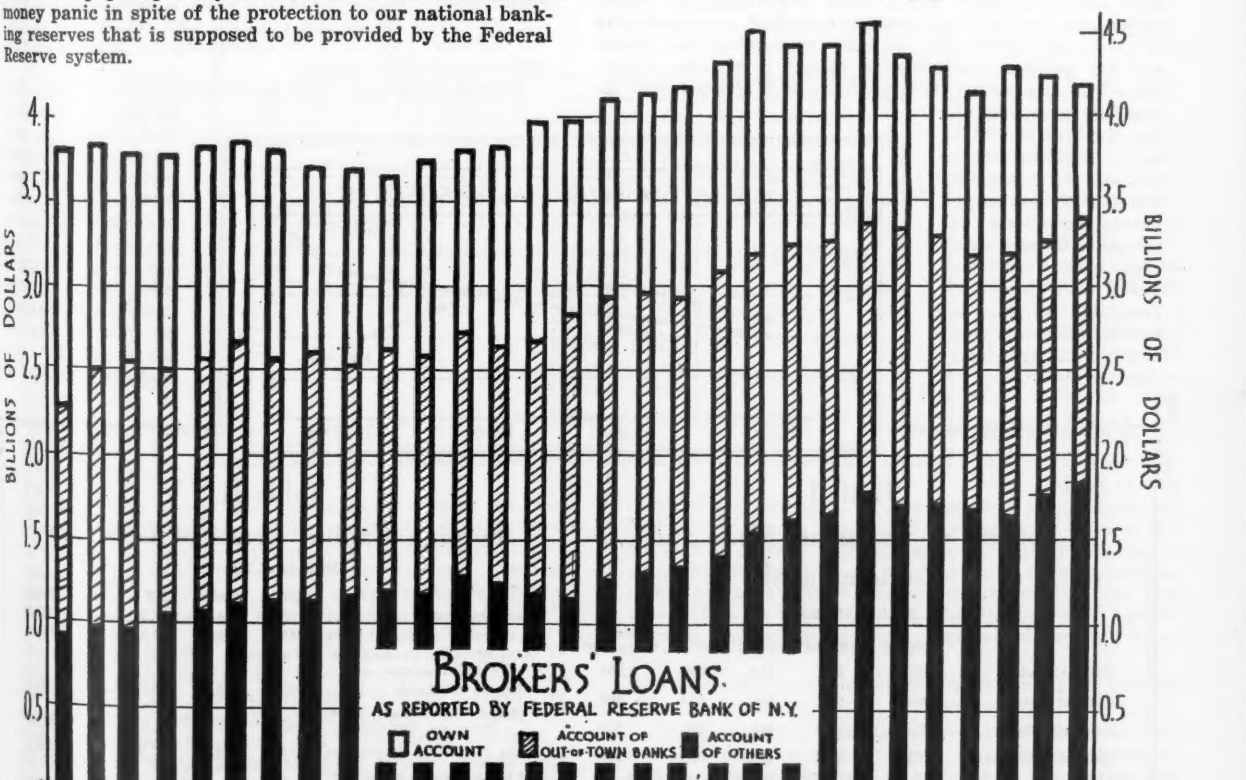

A Critical Point in the Operation of the Dawes Plan

Germany Enters Period of Maximum Payments—How Will It Work Out?

By GILMORE IDEN

WHILE critics continue to find technical flaws in the Plan, the Agent General of Reparation Payments, S. Parker Gilbert, has solemnly assured the world that the fifth year—the year when the maximum payments begin—will be carried through successfully. There is today every evidence that no appreciable difficulty either in the collection of the reparations from Germany or its transfer to the Allies will be encountered during the next year.

It was in August, 1924, that the so-called Dawes Plan for the collection of German reparations was adopted. The Plan was formally put into effect on the first of September, 1924. According to the intent of the experts devising this scheme for collecting the reparations, a preliminary period of increasing payments should be inaugurated before the maximum annual amounts should be collected. This preliminary period was fixed for four years which is now being brought to a conclusion.

An Accomplishment

It needs but a casual review of the conditions which have existed to show impressively the substantial contribution the Dawes Plan has made toward the restoration of credit in Europe. In Germany everything was chaotic and the political parties were almost powerless. Collections had practically broken down and France was demanding payments at the point of the bayonet. National currencies were rapidly losing their exchange value; taxes were inadequate to meet current needs and the states were driven to desperate extremes to borrow upon any and every security that was available.

What has been accomplished during the past four years constitutes a work that is monumental in its effect throughout the world. That there have been slight modifications made since the Agency General for Reparation Payments was established does not in the least minimize the importance of the Plan. That further modifications will probably be necessary before the work is finally concluded is no argument that the Plan has not been practical. It has been highly practical in that it has been sufficiently flexible to meet contingencies.

Probably the most noteworthy problem confronting the Plan was that no particularly final sum was agreed upon for reparations. It was primarily intended to set up a Plan whereby through demonstration it would be determined what Germany is able to pay. Owing to the chaotic economic conditions existing in Germany during the first year no collections were made in cash from the Reich budget, what payments were made were the result of loans extended to Germany. These consisted of 200,000,000 gold marks in railway bonds, and 800,000,000 gold marks raised by an external loan, these two constituting total payments of 1,000,000,000 gold marks. After that industrial debenture bonds were given, representing a debt imposed upon the industrial life of the country, plus contributions from the national budget, from transportation taxes and from additional railway bonds.

During the second, third and fourth years Germany lived up to her agreements and reparation payments were promptly met. The full terms of the Plan have been complied with and the expectations are that they will be complied with during the years calling for maximum payments. The payments so far made and contemplated are

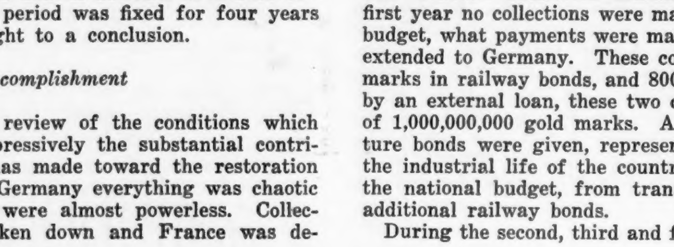

Table I
Sources of Payments Made and Contemplated

(Millions of Marks)

	1924-25	1925-26	1926-27	1927-28	Yearly thereafter
National budget	None	250	410	500	1,250
Railway bonds	200	595	550	660	660
Industrial bonds	None	125	250	300	300
Transportation tax ...	None	250	290	290	290
External loan, 1924....	800	None	None	None	None
Total	1,000	1,220	1,500	1,750	2,500

Table II
Foreign Capital Issues of Germany

(Millions of Marks)

	1925	1926	1927	5 mos. of 1928	Total
Loans to States	138.6	270.6	267.3	none	676.5
Provincial or communal loans	256.0	249.5	112.5	167.8	785.8
Loans of public or semi-public undertakings:					
(a) of the Reich	161.7	25.2	336.0	126.0	648.9
(b) of the States, Provinces and Communes..	202.8	351.5	205.7	281.6	1,041.6
Loans to private enterprises	472.0	742.0	597.3	280.4	2,091.7
Loans to various church organizations	25.1	57.6	4.1	23.1	109.9
Total	1,256.2	1,696.4	1,522.9	878.9	5,354.4

shown in Table I, and in chart showing relationship of payments and borrowings.

The Official Report

In his June, 1928, report, the Agent General of Reparation Payments stated:

"The Plan has continued to operate successfully in the field of reparation payments and transfers. Germany has made the payments required by the Plan, and has made them regularly and punctually. The Transfer Committee, on its part, has made full transfers of the payments received. Deliveries in kind have substantially increased, in harmony with the increasing shares of the creditor Powers, and it has been possible at the same time to make transfers to an increasing extent in foreign currencies until now they are running at somewhat more than half of the total transfer. The specific securities provided by the Plan have continued to develop in a way that gives increasing assurance of their ability to provide the standard payments which Germany is required to make. The assigned revenues are yielding a return which would cover with a margin of more than one hundred per cent the standard budget contribution of 1,250,000,000 gold marks. The funds required to meet the annual service of the industrial charge at the full amount are being produced by a safe margin through the Bank for Industrial Debentures. In fact, owing presumably to the increase in the working assets of industry, the German Government has recently issued a decree reducing by 20% the rate of assessment which is levied to produce the charge for the second half of the current year. And the German Railway Company, though burdened with large additional expenditures in consequence of the general increase in salaries, has given ample evidence by its results thus far of its ability to carry the full annual charge for the service of its reparation bonds, provided that it follows a prudent financial policy and that the rights of supervision and control reserved to the German Government are not exercised in such a way as to impair its ability to earn a fair and reasonble return on its capital."

In other words, the Plan has been so executed as to assist in the balancing of the German budget and in the stabilization of the German currency. While reparation payments during the last three years increased 956,000,000 marks, taxes increased during the same period 2,600,000,000 marks. German exports have been greater than at any time since stabilization. On the other hand, domestic consumption has somewhat diminished because of the higher prices which followed recent wage increases.

S. PARKER GILBERT
AGENT GENERAL
FOR REPARATION PAYMENTS

The plan formulated by the committee of experts, better known in America as the Dawes Plan, has functioned with signal success in bringing order out of a situation which was chaotic. The rapid recovery of industry in Germany, no less than that of several of the allied nations, can be ascribed to the sane principles laid down by the experts. The absence of any condition in the Plan, which would tend to stir up or continue enmity engendered by the World War, has served to a marked degree to restore comity in Europe. Possibly after no other international conflict have the passions making for disorder become so quiescent as they have in the ten years since the close of the World War. These results, together with the rapid resumption of commerce among all the countries affected, afford the best evidence of the success of the Dawes Plan.

By W. ESPEY ALBIG
Secretary, Commerce and Marine Commission
The American Bankers' Association

In a special statement to The Magazine of Wall Street

No one will blind himself to the fact that Germany could not have made these reparation payments without borrowing abroad. Transfers could not have been effected unless the exchange had been available for the Agent General to purchase. The export balance was not sufficiently large to create this surplus of exchange. It was done only by the importation of foreign capital. It may be roughly stated that between 1924 and 1928 Germany and her citizens borrowed abroad at least $2,000,000,000, of which $1,500,000,000 can be accounted for in state, municipal and private issues floated in foreign markets. The remainder represents purchases of stock and other securities by foreigners in Germany. And during the time these funds were being borrowed abroad, Germany has paid out to the Allies something like $800,000,000.

The Agent General for Reparation Payments has tabulated the foreign capital issues by Germany as shown in Table II.

It must be realized that this borrowing abroad has made the Plan so far successful, and that a continuation of such borrowing will insure the success of the Plan in succeeding years. But how long will private investors be willing to lend their money to Germany? This depends in no small part upon the settlement of the question of the priority of reparation payments. If it is decreed that reparations must be paid before any service is made on the foreign private loans, the value of those loans will be jeopardized.

The Agent General for Reparation Payments, on this point says:

"In order that essential foreign credit shall be forthcoming it is necessary that the confidence of the foreign investor be fully maintained. This implies an obligation on the part of the German borrowers not to overload the foreign market. It also raises the question as to what appraisal the foreign investor will make of Germany's reparation obligation in its present form. As the German foreign debt rises, the foreign investor is bound to ask with greater and greater insistency for a clear definition of the ultimate extent of the reparation obligations. If this question is not answered in due time it may be assumed that investors all over the world will become less willing to lend their savings to Germany and will do so only at rates high enough to insure them against the uncertainties involved. In this sense, if in no other, the final determination of the reparation obligations becomes a matter of growing practical importance."

And in conclusion of this latest report the Agent General states:

"Fundamentally, what the Plan has done is to reestablish confidence and to permit Germany's reconstruction as a going concern. In so doing it has marked the turning point in the reconstruction of Europe, and it has

(*Please turn to page* 727)

What Should the Investor's Program Be in the Present Market?

A Useful Guide Under Current Conditions

By E. D. KING

This article is printed in response to the numerous requests of readers for general advice on the policy they ought to follow at this time in regard to the security markets. The discussion is brief but to the point. For information on individual issues, subscribers should refer to our Personal Service Department.

PROBABLY at no time in the past few years, except possibly just immediately after the stock market break of early 1926, has the average investor been in such a quandary as the present in regard to the policy he ought to pursue, first, as to his present security holdings and, second, as to new investments. During the past few weeks, he has noted with concern the frankly dubious attitude on the more or less immediate future of securities which has characterized the published comment of many observers. He knows, of course, that the money situation has become strained and is aware that it may not improve basically for some time. Not only have his investment stocks declined, not to speak of his more speculative holdings, but his bonds and other gilt-edge securities such as bank stocks have dropped. None of this has been conducive toward bringing about a confident state of mind so far as the market is concerned.

On the other hand, he has noted that recent efforts to bring about important liquidation in the securities markets have not been successful; on the contrary, the slightest relaxation in the call money rate has proved a signal for commencement of pool operations in which the public evidently is taking renewed interest, though on a much smaller scale than last Spring. He also notes that business is improving. In fact, even the most pessimistic commentators on the market agree that business conditions thus far this year have surpassed expectations and that the outlook seems quite satisfactory. Earnings reports of leading corporations for the first six months of the year indicate an increase over the same period last year and while the increase is not very great it does signify that conditions have been better than many have realized.

The Market's "Opponent"

Despite these favorable manifestations, he feels he has ground for concern on the immediate status of his securities in view of the present Federal Reserve policy which is definitely opposed to expansion of speculative interest. Yet, weighing both favorable and unfavorable factors, such as those mentioned, he finds a balance so even as to preclude the possibility of his coming to a decision as to what he ought to do at this time.

Since the fly in the security ointment at this time is not the business situation or earnings prospects, which are admittedly sound, but the money situation, a discussion of the latter will perhaps prove of some service. Owing largely to the excessive amount of credit consumed for security market purposes at a time when the basis for credit, gold, contracted the efforts of the Federal Reserve Board, which is entrusted with the safeguarding of our national currency and banking, in recent weeks has been to make it difficult to secure further credit for market purposes and, if possible, to cut down the existing amount of collateral loans. It has had some success in this direction as witnessed by the decline in brokers' loans and investments of banks but, evidently, further progress along this road must be attained before the credit situation becomes normal. In the meantime, the banking authorities, facing an increase in demand for commercial and farm credit which always commences to expand at the end of summer and early autumn, have determined that the market shall not consume so much credit as to interfere with the credit requirements of legitimate business.

In reflection of this situation and as a result of various technical adjustments of the mechanics of Federal Reserve operation, money has definitely entered a period of higher rates than witnessed for the past few years. Since the outlook is that business and agriculture will demand large sums in the very near future, it is difficult to see how the rate for money can be reduced, particularly if there is no very extensive liquidation of securities. On the other hand, it must be understood that the Federal Reserve authorities are not "aiming at the stock market" and have no intention of breaking prices

and probably will feel that they have functioned satisfactorily if the present brakes on the market are maintained. In other words, if the market "behaves itself" in the near future and does not go through such a period of frenzied activity as was the case last spring, it may be taken that the Reserve authorities will take no further steps to contract credit. In fact, money may later become easier after crop financing has passed. However, should the market prove indifferent to the money situation and stage a broad advance in the near future, it is more than probable that the Federal Reserve would tighten up again, even, possibly, raising the rediscount rate once more.

The situation, therefore, from a money viewpoint does not seem calculated to furnish a strong base for an early broad market advance. On the other hand, it must be noted that a number of the better grade stocks, mostly of the specialty type, are active and strong but that these operations have been carried on in a comparatively small way. Probably, if the general volume of transactions remains small as at present and if speculation is strictly confined as at present, there will be no concerted effort on the part of the Federal Reserve Board to interfere. What they are opposed to, and for very sound reasons, is the resumption of speculation on a really large scale. Individual movements in a few stocks cannot possibly concern the banking authorities.

Money and the Market

It must be remembered, however, that the market has already done a great deal toward discounting the money situation. This is indicated by the comparative lack of liquidation following the raise of the rediscount rate to 5%. Probably, the meaning of this is that if investors have been prevented from adding to their holdings on account of the money situation, they do not intend to let go of what they have because they have confidence in the business outlook.

At the prevailing lower level of prices for investment securities, it would seem that there is not much need for sacrificing one's holdings, always assuming, of course, that the issues held are intrinsically of a sound character. Whether or not they should be bought is another matter but, in the opinion of the writer, where securities are held for income and long-range appreciation, even the present strained money situation is not sufficient cause for wholesale liquidation. This is certainly true of the bond market which has already had a severe drop and which seems to have more or less thoroughly discounted money conditions. Investors holding sound bonds for income should continue to hold them. Those who sold them out when the bond market was high are now in an advantageous position to repurchase.

If investment common stocks are held outright, they should not be disposed of. Fluctuations in the price of his investments should not be a matter of great importance to the real investor, especially if he is securing a fair income return from them. The carrying of non-dividend paying stocks on margin is an entirely different affair. Here, of course, the high cost of interest make carrying charges rather expensive, especially if the stock is held for a considerable period. Whether or not this is sufficient reason for disposing of the stock depends on the individual circumstances in connection with the issue. If the stock has been held for a period and if the prospects of its company are sufficiently sound and if it has already had a severe decline, it probably would pay the investor to continue to hold for a time in the expectation of securing a better price later on in the year. If, however, the investor is carrying high priced non-dividend paying stocks, it might be the part of prudence to dispose of part, at least.

It is a difficult matter, however, to give advice on this subject, as conditions vary with each stock. It

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For an Investment of $25,000

	Interest Times Earned or Share Earnings 1927	Ratio Current Assets to Current Liabilities	Recent Price	Interest or Dividend	Yield	Price Range 1928 High	Price Range 1928 Low	Amount	Cost
Bonds									
Amer. Cyanamid Deb. 5s, 1942	4.1a	6.2a	94	5%	5.6%	97	92	$2,000	$1,880
Amer. Gas & Electric Deb. 5s, 2028	1.9	N.F.	96	5	5.2	101	95	2,000	1,920
Hudson & Manhat. Adjust. 5s, 1957	1.6	2.0	88	5	5.9	95	88	2,000	1,760
St. Louis-San Fran. Cons. 4½s, 1978	1.9	1.2	88	4.50	5.2	97	88	2,000	1,760
Preferred Stocks									
Amer. Car & Foundry	$12.50c	4.7c	113	7	6.2	137	112	20	2,260
Gulf, Mobile & Northern	9.23	2.2	100	6	6.0	109	100	20	2,000
Loew's Inc.	45.00e	3.5e	101	6.50	6.4	110	100	20	2,020
Standard Gas & Electric	20.00	1.5	67	4	6.0	71	65	30	2,010
Common Stocks									
Atchison, Top. & S. F.	18.74	1.5	188	10	5.3	197	182	10	1,880
Amer. Power & Light	4.66	1.6	78	1b	1.3b	95	62	20	1,560
Westinghouse Electric	6.60d	3.1d	95	4	4.2	113	88	15	1,425
Reading	7.64	0.9	100	4	4.0	119	94	15	1,500
California Packing	3.52	3.0	71	4	5.6	80	68	20	1,420
Goodrich	17.11	5.8	76	4	5.3	99	68	20	1,520
								Total,	$24,915

a—Year ended June 30, 1927. b—Plus 4% in stock. c—Year ended April 30, 1928. d—Year ended March 31, 1928.
e—Year ended Aug. 31, 1927. N.F.—Not available.

The Myth of a "Money Trust"

Exploding a Venerable Theory—Showing the Persistent Increase in the Distribution of Wealth in the United States

By THEODORE M. KNAPPEN

IS the United States a plutocracy? Are we, after all, only a Republic in name, with the real, although invisible, government in the hands of a comparatively small group of the owners and controllers of the bulk of the nation's wealth?

A plutocracy, says Webster, is "government by the wealthy; the rule or dominion of wealth, or of the rich; also a controlling or influential class of rich men."

A more popular understanding of the word would be, perhaps, ultimate control through control of liquid capital —money and credit—a "money trust."

The Pujo Committee of the United States Senate decided in 1912 that there was then an actual "money trust," its assertion being:

"If, therefore, by a money trust is meant 'An established and well defined indentity and community of interest between the few leaders of finance, which has been created and is held together through stock holdings, interlocking directorates and other forms of domination over banks, trust companies, railroads, public service and industrial corporations, and which has resulted in a vast and growing concentration of control of money and credit in the hands of a comparatively few men,' your Committee, as before stated, has no hesitation in asserting as the result of its investigation up to this time that the condition thus described exists in this country today."

If such a condition still exists today, it must be conceded that this nation is a plutocracy, for, under modern conditions, money control is economic control—and that is the real control of the nation.

There is a difference between concentration of wealth in a limited ownership, and concentration of control of capital, but to a large degree, control of money and credit are dependent upon whether wealth is well concentrated.

Distribution of United States Wealth

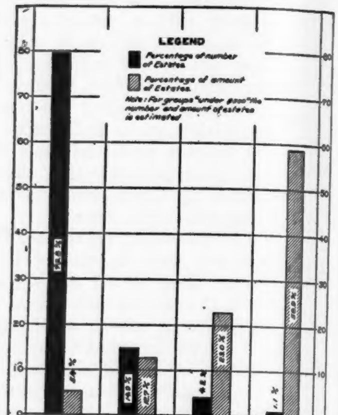
Let us, therefore, consider first the distribution of wealth in the United States.

The Census Bureau's estimate of national wealth in 1922 was $322,000,000,000; the Federal Trade Commission put it at $353,000,000,000. Taking the Census figures as a base, the National Industrial Conference Board, calculated the wealth of the country in 1925 at $355,000,000,000, divided into the following classifications:

Land and its improvements	172.7 billions
Railroads and public utilities	39.2 billions
Equipment of farms and factories	26.8 billions
Merchandise and industrial products	40 billions
Personal property	41.1 billions
Intangibles	40 billions

The farmers owned about one-third of the real estate total, and fifty-five per cent of all wealth was in real estate, according to the census of 1922.

Real estate is very largely owned and controlled by occupant or near-by resident ownership, so that in a national sense there is nothing even remotely approaching a concentration of real estate, and as for industrial class ownership, it appears to be fairly well divided, according to relative population, between city and country owners. But farm wealth, both as to real estate and in toto is heavily concentrated in the East and West North Central states, which, with only 32% of the rural population own 58% of the farm wealth of the country. However no national plutocracy can be imagined as having a territorial basis in the distribution of farm wealth. In considering real wealth, it must be remembered, too, that about $25,000,000,000 is in public ownership—including streets, roads and bridges.



Federal Trade Commission

Percentage of total number and total value of estates for specified size groups in 24 selected counties, 1912-1923.

Taking wealth as a whole, there does not seem to be any foundation for a plutocracy of regions. The territorial distribution of wealth is remarkably even. Per capita it varies from the minimum of $1,216 in agricultural Mississippi to $6,998 in mining Nevada, with the average at $2,918. As a group, though, the three middle Atlantic states of New York, New Jersey and Pennsylvania, contain about one-fourth of the national wealth of tangible property, with only one-sixth of the population. But this surplus is largely due to the effects of dense population on real estate values and is not important as a factor in plutocratic control, except locally.

Control of Natural Resources

The control of natural resources through ownership has a more direct bearing on the problem of the domination of wealth than has the widely disseminated ownership of land. The Federal Trade Commission in its "Report on National Wealth and Incomes" (1922) found that six companies owned one-third of the developed water power of the United States; eight companies controlled over three-quarters of the anthracite coal reserves; thirty companies over three-quarters of the immediately available bituminous coal in the ground; two companies, well over half of the iron ore; four nearly half of the copper; and thirty, over twelve per cent of the petroleum reserves. In the same study, the Commission came to the conclusion that six power companies out of more than 600 controlled 24.5% of the production of electrical current, and twenty companies, 57.8%. That was in 1923, and the extent of the control exercised by a few companies has since increased.

Territorially, a plutocracy based on water power would be located in the mountain and Pacific states, which have two-thirds of the potential water power of the country. When it comes to coal as a source of power and wealth, the northeastern states come to the front as contenders for plutocratic eminence, with 47% of the entire recoverable tonnage. Based on iron ore reserves, the lake states are in command of power. When power is determined by copper resources, the mountain and Pacific coast states are on the throne, where nine companies have 77% of the reserves. If timber is to participate in the plutocracy, the western

states will be at the top, with the Southern states next; but Uncle Sam is at the lever here with close to one-third of all the timber in his possession. Territorially, petroleum rule lies West of the Mississippi.

Who Owns the Corporations?

About one-third of the wealth of the United States is in the hands of corporations; and as the New York corporations account for 25% of the total gross income of American corporations, that state might be open to suspicion as the home of the "money trust" in corporate form. The corporate third is by far the most active third, and if control of all corporations were well concentrated these corporations would be in a fair way to dominate, so far as wealth, regardless of its mobility, is concerned. But corporations are, in turn, owned by individuals, so that an examination of them brings us back to the subject of distribution among individuals and social classes to get an idea of the possibilities of dangerous concentration of wealth in a few hands. In 1850, every person in the United States was worth $308, assuming that wealth were evenly divided; in 1922, he was worth $2,917, and was wealthier than any other national in the world belonging to a country of any considerable population.

To the extent that the actual distribution of wealth varies from the mathematical average, the country inclines toward plutocracy. That variation never can be determined with any degree of accuracy. Income tax returns and property tax returns help some, but they always come short of telling the true tale of wealth. The probate courts are held to be a better source of individual wealth information. So, in 1922, the Federal Trade Commission undertook the dismally tedious study of 43,512 estates in Massachusetts, New Hampshire, Maryland, District of Columbia, North Carolina, Georgia, Texas, Oklahoma, Kansas, Idaho, Wisconsin and North Dakota. Counties were selected in each state so as to be fairly representative of rural, town and city types of population. The estates were all those probated in the chosen counties from 1912 to 1923, inclusive.

Analysis of Estates

It is significant that 259,908 persons died in these counties during the period, when the 43,512 estates were probated. After allowing for the deceased minors, there remained 141,446 adults whose estates were too small to probate, that is, they were less than $500. At the grave, then, if these countries are typical of the whole country, more than two-thirds of the grown-ups are practically without wealth. Does the same ratio prevail throughout life? If so, then, three-fourths of the adult population is practically propertyless. And it would be hard to deny that the other fourth, owning virtually all the wealth, constitutes a governing class, potentially. Of the probated estates 77.5% were under $25,000, and their total value was 27.5% of the whole. In other words, about a quarter of the propertied decedents had about three-quarters of the probated wealth. Forty-four estates of a million or more had 19.5% of the total property value. Two hundred and ninety-nine estates, or 0.7%, had 36.3% of the total; 13% of the estates represented 90% of the wealth involved in all.

The average value of the estates was $3,800, but 91% fell below the average. These figures look good for "strong wealth"—the literal meaning of plutocracy. But the Federal Trade Commission finds encouragement in evidence that while wealth, as a whole, is increasing, its distribution is becoming wider. "In 1912," it says, "about 29% of all probated estates amounted to less than $1,000 each, while in 1923, only 20.8% were less than $1,000 each. Furthermore, in 1912 the estates of over $100,000 amounted to 52.6% of the total value of all estates probated, while in 1923 they amounted to only 45.9% of the total."

As between, city, town and country, the distribution of wealth in the towns appeared to be wider than in city or country, and wider in the country than in the city; but the average estate in the country was only $3,000 less than in the city ($16,000) and about $3,000 larger than in the town. However, the total value of the city estates was about six times that of the towns and ten times that of the country.

The value of the personalty of all the estates was about twice that of the realty. The larger the estate, the larger the value of the personalty represented by stocks and bonds—except for estates over a million dollars. On the average, 35.4% of the personalty was in corporate stocks, 14.7 in bonds, 10.6 in real estate notes, 4.7 in other notes, 14.7 in cash, and 19.9 miscellaneous.

As to the control of corporations by a relatively few persons, through ownership of stock, there is no satisfactory

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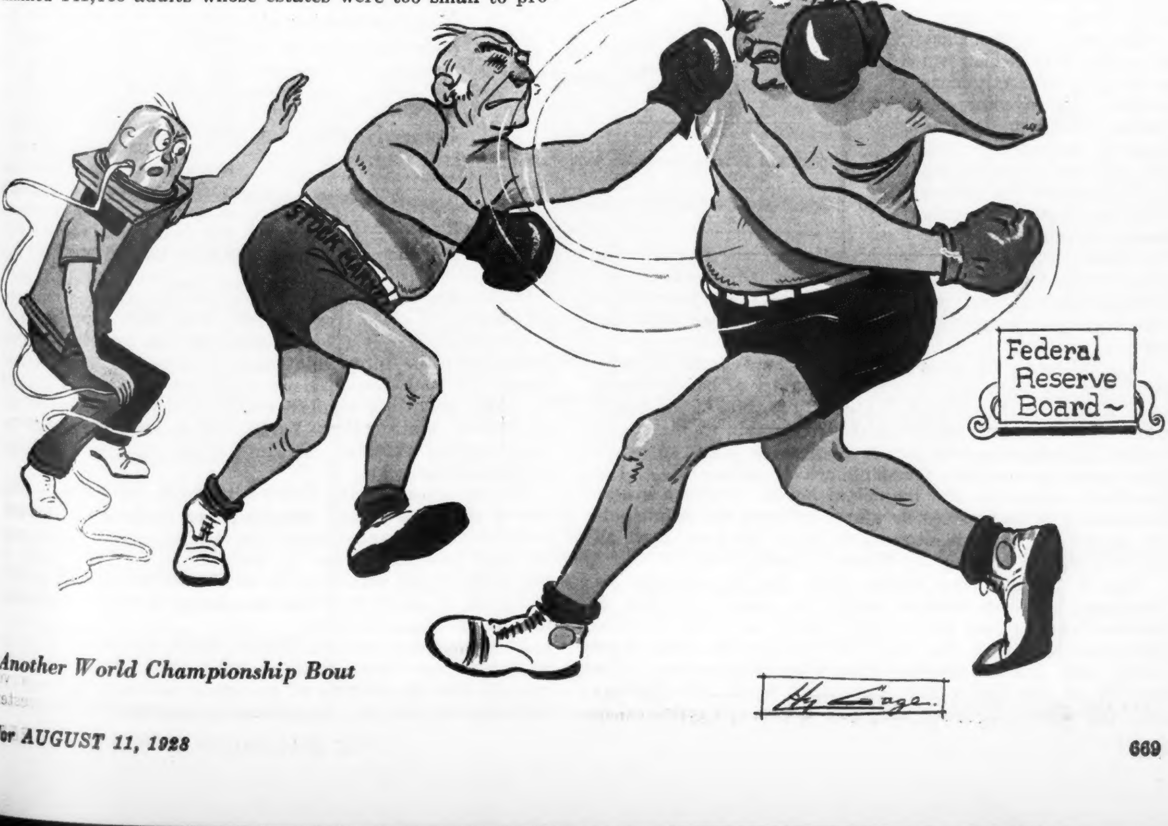


Another World Championship Bout

How To Save On Inheritance Taxes

Some Points Which Investors Should Consider in Regard to Planning Their Investment Holdings

By GLENN N. W. McNAUGHTON

THE subject of inheritance taxes on bonds (corporate and municipal) is still a vague matter to the rank and file of investors. In fact, ignorance of the subject is so widespread that many think that bonds and, especially, municipals, are not subject to multiple inheritance taxes. An investigation of the tax laws of the various states indicates that nothing could be further from the truth.

The table reproduced at the end of this article shows the conditions which pertain. The states may be roughly classified as follows: (1) those which impose no inheritance taxes at all, (2) those which impose inheritance taxes only in respect to the estates of persons dying resident thereof and (3) states which impose inheritance taxes in respect to all property located within the state whether the decedent was a resident thereof or not at the time of his death.

The latter is the class of states with which we are most directly concerned. An investor can change his situation as regards classes one and two only by changing his legal residence. A person may also, however, easily change the net value of his estate by a judicious consideration of the data herein given and an application thereof to his investments. By choosing certain bonds and rejecting others which are taxable a very large saving in inheritance taxes can often be made.

In addition to the estate tax which the Federal Government imposes upon all corporate or municipal bonds owned by a resident of the United States at the time of his death where the net estate exceeds $100,000, certain of the states impose inheritance, transfer or succession taxes on property owned by resident decedents which include all of the decedent's corporate and municipal bonds. There are also inheritance taxes imposed by states wherein the municipality issuing the bonds is situated or under the laws of which the corporation issuing the bonds is incorporated.

This is the situation which gives rise to multiple inheritance taxation because upon the same property a decedent's estate may pay an inheritance tax to the Federal Government, one to the state of his domicile (say New York) and one to another state (say Wisconsin). The amount of the tax varies, depending upon such factors as: (a) State imposing tax, (b) degree of relationship between decedent and beneficiary, and (c) the total value of the estate. The tax rate may be, too, as high as 40%.

The expense, trouble and delay in connection with transfer of certain securities also should be considered as a reason for avoiding those securities which are taxable in states other than the state of decedent's domicile.

States Affected by Reciprocity Statutes

States which have no inheritance tax laws:	States which impose no inheritance taxes upon the intangible personal property of non-resident decedents:	States which have reciprocity statutes:
Alabama	Colorado	California
Florida	Delaware	Connecticut
Dist. of Columbia	Massachusetts	Georgia
Nevada	Maryland*	Illinois
	Nebraska	Maine
	New Jersey	Maryland*
	Rhode Island	Mississippi
	Tennessee	New Hampshire
	Vermont	New York
	Virginia**	Ohio
		Oregon
		Pennsylvania

* Maryland falls partly within both classes. ** After Jan. 1, 1929.

The list of states which impose no inheritance taxes upon intangible property owned by non-resident decedents (the list is given elsewhere in this article) is so large that it would seem possible for any investor to find investments therein.

Investors will aid greatly in increasing the length of this list by avoiding securities of states not in this class.

All states imposing inheritance taxes upon property in the estate of a non-resident decedent do not levy taxes upon all bonds issued by corporations or municipalities located within their boundaries. An examination of the table given will show that the situation is different in the different states depending upon the answer to the following questions: (a) Is the bond corporate or municipal? (b) Is the bond registered? (c) Is the bond actually physically located within the state?

In choosing investments, the reciprocity statutes must be considered. A state (for example, New York) passes a law to the effect that it (New York) will not levy inheritance taxes upon the intangible personal property (stocks and bonds) of such non-resident decedents as were domiciled in states affording similar relief to the residents of the reciprocity state (New York). The states affected by reciprocating statutes fall into three groups as in the accompanying table.

The net result of the above is that one can reside in any one of these states and own stocks or bonds issued by corporations incorporated under the laws of any other and pay no state inheritance tax on such securities other than to the state of his domicile. It should be noted that though Nebraska is given in the above, the only state with which it is reciprocal is Illinois.

To show the possible difference which residence or choice of investments would make on one's estate after his death we will take an example of an estate passing to the widow, the decedent owning the following property:

1,000 shares Standard Oil of New York (N. Y.)	....	$35,000
1,000 shares Pennsylvania R. R. (Pa.)	....	64,000
1,000 shares N. Y., N. H. & Hartford R. R. (Conn.)	...	55,000
Present market value	.....	$154,000

If the decedent who owned these stocks resided in Florida he would pay no inheritance tax there and likewise because of the reciprocity statutes he would pay no inheritance taxes in New York, Pennsylvania or Connecticut hence his only inheritance tax would be Federal.

On the other hand, if the decedent resided in Wisconsin, West Virginia or any other non-reciprocity state his tax would be in addition to the Federal Government, a tax to:

New York of about	$428
Likewise to Pennsylvania of about	1,280
And to Connecticut of about.	1,100
Total tax	$2,808

There would be a credit of taxes paid to these states against Federal estate tax but this probably would be negligible since the inheritance tax paid where the decedent lived (West Virginia or Wisconsin) will already have exhausted the credit. Hence it will be seen that there is here a possible diminution of the estate by $2,808 or even more as there are certain factors such as degree or relationship between decedent and beneficiary which might increase the rate of tax.

The man who lives in Wisconsin or West Virginia might easily increase his estate by this amount by investing in securities of corporations formed under Delaware, New Jersey, Maryland, etc., laws, i.e., states which do not impose inheritance taxes upon securities owned by non-resident decedents.

The various situations determining whether a bond is or is not subject to inheritance taxes are shown on the accompanying large table.

Coming issues of The Magazine of Wall Street will contain some of the most interesting analyses of corporations ever published.

Our corps of analysts are now in process of concluding some very exhaustive studies, the results of which should make interesting and fruitful reading. We should like to call special attention to our special group analyses of which the article on steel companies in this issue is the first.

Taxability of Bonds, Notes and Mortgages of Non-Resident Decedent

Questionnaire	Bonds Domestic Unreg. A	Bonds Domestic Unreg. B	Bonds Domestic Reg. A	Bonds Domestic Reg. B	Bonds Foreign Unreg. A	Bonds Foreign Unreg. B	Bonds Foreign Reg. A	Bonds Foreign Reg. B	Bonds Municipal A	Bonds Municipal B	Notes Payable within State A	Notes Payable within State B	Notes Payable outside State C	Notes Payable outside State D	Mortgages Real Estate within State A		Mortgages Property without State B
Alabama (R)	No inheritance or estate tax.																
Arizona	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	N	N	N	Y	Y	Q
Arkansas	N	N	Y	N	N	N	N	N	N	N	N	N	N	N	N	N	N
California (R)	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
Colorado (R)	Intangibles of non-resident decedents not taxed.																
Connecticut (R)	N	N	Y	Y	N	N	N	N	Y†	Y†	N	N	N	N	N	N	N
Delaware (R)	Intangibles of non-resident decedents not taxed.																
Dis. of Columbia (R).	No inheritance or estate tax.																
Florida (R)	No inheritance or estate tax.																
Georgia (R)	Y	Y	Y	Y	N	N	N	N	N	N	D	D	D	D	Y	Y	N
Idaho	Y	D	Y	D	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y
Illinois (R)	Y	N	Y	N	N	N	N	N	Y	N	Y	N	Y	N	Y	N	N
Indiana	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y
Iowa	Y	Y	Y	Y	Y	N	Y	N	Y	Y	Y	Y	Y	..	Y	Y	Y
Kansas	Q	N	Q	N	Q	N	Q	N	N	N	Q	N	Q	N	Q	N	Q
Kentucky[1]	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
Louisiana	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y
Maine (R)[2]	N‡	N‡	N‡	N‡	N‡	N‡	N‡	N‡	N	N	Y	Y	Y	N	Y	Y	Q
Maryland[3] (R)	Intangibles of non-resident decedents not taxed.																
Massachusetts[4] (R) ..	Intangibles of non-resident decedents not taxed.‡																
Michigan	Y	Y	Y	Y	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	Y	N
Minnesota	Y	Y	Y	Y	N	N	N	N	Y	N	Y	Y	Y	Y	Y	Y	N
Mississippi (R)	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y
Missouri	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Q
Montana	Y	Y	Y	Y	Y	N	Y	N	Y	Y	Y	Y	Y	N	Y	Y	N
Nebraska	See footnote (5).																
Nevada (R)	No inheritance or estate tax.																
N. Hampshire (R) ..	Y	N	Y	Y	Y	N	N	N	Y	Y†	Y	Y	Y	N	Q	Q	D
New Jersey (R)	Intangibles of non-resident decedents not taxed.																
New Mexico	Y	N	Y	Q	Y	N	Y	Q	Y	N	Y	N	Y	N	Y	Q	Y
New York (R)	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
North Carolina	Y	Y	Y	Y	Y	N	Y	N	Y	Y	Y	Y	Y	Y	Y	Y	Q
North Dakota	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	Q
Ohio (R)	Y	N	Y	Y	Q	N	Q	N	Y	Y†	Y	N	Q	N	Q	N	Q
Oklahoma	Y	Y	Y	Y	Y	N	Y	N	N	N	Y	N	Y	N	Y	Y	N
Oregon (R)	Y	Y	Y	Y	Y	N	Y	N	Y	Y†	Y	Y	Y	N	Y	Y	Y
Pennsylvania (R) ...	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
Philippine Islands ...	Y	Y	Y	Y	Y	N	Y	N	Y	Y	Y	Y	Y	N	Y	Y	Q
Porto Rico	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D
Rhode Island (R)....	Intangibles of non-resident decedents not taxed.																
South Carolina	Y	Y	Y	Y	Y	N	Y	N	Y	N	Y	Y	Y	Y	Y	Y	Y
South Dakota	Y	Y	Y	Y	N	N	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Q
Tennessee (R)	Intangibles of non-resident decedents not taxed.																
Texas	Y	N	Y	N	Y	N	Y	Y	Y	Y†	Y	N	Y	N	Y	Y	Y
Utah	D	N	Y	Q	D	N	D	N	D	D	D	N	D	N	Y	Y	D
Vermont (R)	Intangibles of non-resident decedents not taxed.																
Virginia[6]	Y	N	Y	Y	Y	N	Y	N	N	N	Y	Y	Y	Y	Y	Q	Y
Washington	Y	Y	Y	Y	Y	N	Y	N	Y	Y	Y	Y	Y	Y	Y	Y	Y
West Virginia	Y	N	Y	N	Y	N	Y	N	Y	D	Y	D	Y	D	Y	Q	Y
Wisconsin	N	N	N	N	N	N	N	N	N	N	N	N	N	N	Y	N	N
Wyoming	N	N	N	N	Y	N	Y	N	N	N	Y	Y	Y	Y	Y	Y	Y

Symbols: A—Physically located in State. B—Physically located outside of State. D—Doubtful. Q—Answer qualified. Y—Taxed. N—Not taxed.

† If unregistered, no. ‡ Unless secured by mortgage of real estate within the state.

(R) One of the group of reciprocal states.

(1) Taxes no intangibles of non-resident decedents except stock of Kentucky corporations.

(2) Reciprocal July 1, 1928.

(3) Executors' commission tax imposed on municipal or state bonds, or stocks of financial, insurance or utility corporations.

(4) Reciprocal Dec. 1, 1925; no tax on intangibles of non-residents dying on or after Dec. 1, 1926.

(5) No provision for collecting tax on estates of non-resident decedents unless local probate is necessary.

(6) Effective January 1, 1929, intangibles personalty not taxed.

Dividend Prospects for Leading Groups of Stocks

[Part One]

Railroads — Public Utilities

Miscellaneous Equipment

THIS semi-annual feature is always considered useful by subscribers and readers as a guide to the present position and outlook for leading stocks of representative market groups. Its utility should be enhanced on this particular occasion owing to the uncertain position of the market and the divergent beliefs currently held regarding its future.

In this undertaking, we have been prompted to disregard speculative considerations so far as possible, weighing each issue from the viewpoint of intrinsic merit in relation to market price. After all, the attitude of investors toward securities should be the same as that of consumers to merchandise. Are they getting present money's worth? In the last analysis, the investor who buys on the conviction that he is now receiving money's worth is in a safer position than the man who is paying excessively for future possibilities.

Fortunately, the eccentric character of the market has changed until by now it has become a more normal affair. This has reduced the liability of error in the scientific selection of securities. For this reason, we believe the ratings appended to the various stocks listed are not only more than ordinarily appropriate in the light of intrinsic merit but strongly suggestive of future possibilities.

For the convenience of our subscribers and readers, we have adopted our Rating System on the following basis:

A—should eventually be worth more on intrinsic value.

B-1—Issue has inherent merit but occupies speculative position at present.

B-2—Stock occupies uncertain speculative position.

By "A" is meant that the stock may be considered attractive both from the intrinsic viewpoint and also on an immediate price basis. It is not suggested, of course, that the stock may advance in the immediate future but rather that within a reasonable period it should rise to a point more commensurate with value than the present price. By "B-1" is meant that the company from a financial and earnings standpoint is in an assured position but that from a market viewpoint the stock *at present* may have discounted the favorable position of the company. This does not mean, however, that the stock may not sell higher some time in the future. Hence, in order to keep in close touch with the situation subscribers are urged to make use of our Personal Service Department, to ascertain whether we have in the meantime changed our position on the outlook for the market of the stock. By "B-2" is meant that regardless of market price of the shares, the company's present position and immediate outlook does not appear to warrant taking a favorable position on the shares. Here too, the investor should keep in touch with our Personal Service Department, in the event he desires further information on the subject.

In the second instalment of the Mid-Year Dividend Prospects appearing in the August 25 issue, we shall cover the following groups: steel, petroleum, metal, building, automobile, accessory, rubber and tire, mail order, department store, chain store.

Railroad Industry on Stable Basis

Increased Operating Efficiency and Prospect for Traffic Improvement Offset Early Slump

RAILROADS during the past several months have reflected the tendency toward irregularity that has been characteristic of the business situation generally. The high water mark in the transportation industry's post-war prosperity was reached in 1926. Since then, the volume of car loadings has moved on a somewhat lower plane, averaging less in the first half of the current year than in either 1926 or 1927. In the first twenty-seven weeks of 1928, for example, total loadings of revenue freight were approximately 25.31 million cars, compared with 26.36 millions in the like period last year. This amounts to a decline of 4%, while compared with the corresponding weeks of 1926, the percentage loss is 3.5%.

This falling off in tonnage of freight handled, of course, is neither alarming nor relatively very large. It is significant simply in this respect, that the decline in loadings has been irregularly distributed. Some roads have suffered greater losses in tonnage than others. Similarly, certain carriers have been doing better than the average. On the whole, however, it may be said that the railroad industry rests upon a stable basis and it is improbable that wide changes in earnings will take place in either direction.

Passenger revenues have continued to fall off gradually, reflecting the inroads made by increasing use of the bus and the automobile, but since freight traffic is the main support of railroad earnings, most interest centers in the weekly changes registered by car loading figures. Notwithstanding the recession that has occurred in this direction, the downward trend, which first began to manifest itself during the latter half of 1927, has lately been losing force. That is to say, indications now point to improvement in the movement of freight traffic which will probably carry loading figures in the next half year above the levels of the like period a year ago, though it is doubtful that they will recover to the peak of 1926.

The loss in tonnage in the fore part of the current twelve months has been most pronounced in the case of coal and forest products. Persistent unsettlement in the soft coal industry has influenced earnings of those roads which operate in

Position of Railroad Common Stocks

	$ Earned per Share 1927	$ Earned per Share *1928	Price Range 1928 High	Price Range 1928 Low	Recent Price	Dividend ($)	Yield (%)	Market Rating	COMMENT
Atchison, Topeka & Santa Fe...	18.73	16.01	197	182	186	10	5.4	A	Present rate amply protected, no change likely.
Atlantic Coast Line............	11.94	9.85	191	164	167	‡10	6.0	B1	Slump in earnings casts doubt upon continuance of $3 extra payment.
Baltimore & Ohio...............	9.42	8.20	119	103	105	6	5.7	A	Well able to maintain prevailing dividend rate.
Bangor & Aroostook............	8.44	9.00	84	61	71	3.50	4.9	A	Could pay more in view of prospect for good earnings this year.
Canadian Pacific	12.08	12.50	223	195	202	10	4.9	A	Possibility of special distribution in time but no immediate change anticipated.
Central of N. J.	19.94	21.00	348	285	320	‡12	3.8	A	Policy of paying $4 extra seems likely to be continued indefinitely.
Chesapeake & Ohio..............	24.11	20.00	205	175	178	10	5.6	A	In position to increase rate but no early change probable.
Chesapeake Corp.	2.35	4.00	81	62	65	3	4.6	A	Present rate a fixture until Chesapeake & Ohio raises rate.
Chicago & Eastern Illinois......	nil	nil	48	37	42	..	..	B2	Common dividend seems a long way off.
Chicago Great Western..........	nil	nil	16	9	13	..	..	B2	Uncertain earning power renders dividend prospect dubious.
Chic., Mil. & St. Paul..........	nil	nil	40	22	34	..	..	B2	Marked improvement in earning capacity but common still long way removed from div. possibility.
Chic. & Northwestern...........	5.27	5.95	94	78	80	4	5.0	A	Nothing to indicate change in prevailing rate.
Chic., Rock Island & Pacific....	12.08	14.05	122	106	115	6	5.2	A	Steady enhancement in earning power suggests further increase in div. rate.
Colorado & Southern............	8.38	8.96	126	106	110	3	2.8	A	Earnings would admit of larger div. but no change likely in view of proposed unification with Nor. Pac. and Gt. Nor.
Delaware & Hudson.............	5.95	9.60	226	163	183	9	4.9	A	No change in dividend policy appears likely.
Del., Lack. & Western.........	9.30	9.35	150	129	132	‡7	5.3	B1	Will probably continue present $7 rate, which includes $1 extra.
Erie R. R.	0.63	3.50	66	48	52	..	..	A	Earning power improving but common dividends are still remote.

(Please turn to next page)

bituminous territory. The anthracite carriers, likewise, have suffered some loss of gross income by reason of the decreased movement of anthracite over the first five months of the year. On the other hand, aggregate shipments of agricultural products have been running well ahead of those for either of the two preceding years. Even in this quarter, irregularities are evident, however. Thus, the centralwestern roads appear to be in a better position than the northwestern carriers inasmuch as crop prospects in the former territory are more promising. Reversing the situation obtaining in 1927, estimated crop yields in the southwest indicate sizeable gains over the previous year, while probabilities suggest a considerable decline in northwestern wheat production. In the South, certain roads continue to be handicapped by reaction from the erstwhile Florida boom.

Discrimination Necessary

In general, careful scrutiny of the position of individual roads is necessary in order to arrive at sound conclusion respecting earnings trends. Though the position of the industry is satisfactory enough in its entirety, nevertheless, wide discrepancies are apparent in the trend of gross revenues of the respective territorial groups and also between those of the individual roads composing these groups.

It seems important to recognize this fact in view of prevailing market conditions. Under the influence of the speculative fever so dominant in the stock market prior to June, the rail stocks followed the industrials to new high levels. Although they were not subjected to the same extreme manipulation as the latter, the carrier stocks have also been affected by the stock market's subsequent readjustment. The tightening credit situation and the check to speculative enthusiasm have tended to make for more selective price movements. In other words, investors in rail stocks are giving more attention to earnings trends and less to speculative prospects than heretofore.

Investment Rails Attractive

At prevailing levels, many of the sound investment rail stocks are selling on a relatively attractive basis. Despite the moderate falling off in traffic, most of the stronger roads are covering dividend requirements very comfortably. In several cases, they have been able actually to increase net income. Losses in gross revenue are being offset by greater devotion to reduction of operating ratios. As in the case of the leading industrial corporations, where intense competition has cut profit margins, the railroads have held up their net earnings in the face of lower gross by giving more attention to economies in operation. The dearth of demand for equipment furnishes a fair index to the high state of efficiency they have achieved in handling rolling stock and motive power.

The speculative issues, on the other hand, have

Position of Railroad Common Stocks—[Continued]

	$ Earned per Share		Price Range —1928—						
	1927	*1928	High	Low	Recent Price	Dividend ($)	Yield (%)	Market Rating	COMMENT
Great Northern (pfd.)	9.23	10.00	109	93	96	5	5.2	A	Earnings at levels which would permit higher rate, though early change not likely.
Gulf, Mobile & Nor.	3.35	3.10	61	43	44	..	..	B2	Arrears on preferred stock preclude action on common.
Illinois Central	8.17	8.00	148	131	140	7	5.0	A	Earnings recently not up to standard but dividend well protected.
Kansas City Southern	3.53	5.05	63	43	48	..	..	B1	Improved earning power, though dividend prospect not yet promising.
Lehigh Valley	3.51	4.00	116	84	99	3.50	3.5	B1	Small likelihood of change in prevailing rate.
Louisville & Nashville	14.29	13.50	159	139	139	7	5.0	A	Could pay more. Extra dividend a possibility.
Missouri-Kansas-Texas	3.47	3.02	41	30	35	..	..	B1	Cannot be considered a logical candidate for dividends.
Missouri Pacific	0.98	4.70	69	41	61	..	..	B1	Action to clear up heavy arrears on preferred a prerequisite to consideration of common div.
New York Central	15.28	13.50	191	156	160	8	5.0	A	Shareholders recently given attractive rights to purchase additional stock. No change in div. likely.
N. Y., Chic. & St. Louis	15.41	12.00	146	123	125	6	4.8	A	Earnings would support higher rate. No change in rate indicated, however.
N. Y., N. H. & Hartford	6.08	5.70	68	54	55	1	1.8	A	No definite div. rate established. Special $1 div. conservative and could be repeated this year.
N. Y., Ontario & West	0.01	0.75	39	24	26	..	..	B2	Sporadic dividends paid. Current earnings hardly justify expectation of payment in near future.
Norfolk Southern	4.63	4.00	49	32	35	..	..	B2	Div. prospects uncertain and not especially promising.
Norfolk & Western	21.23	19.10	197	175	175	‡10	5.7	A	Earnings running below last year, nevertheless dividend is being covered by wide margin. No change in prospect.
Northern Pacific	7.47	8.50	105	92	95	5	5.3	A	Current div. secure. Increase dependent upon further long range betterment in situation.
Pennsylvania	6.82	6.50	72	61	64	3.50	5.4	A	Present rate conservative. Increase problematical, although earnings would support moderately higher rate.
Pere Marquette	13.31	12.60	146	124	128	‡8	6.2	A	Will probably maintain present dividend policy.

(*Please turn to next page*)

lost some favor, partly owing to the altered psychology of the stock market, and also because the adjournment of Congress without settlement of the knotting consolidation program has put a temporary quietus upon this phase of the railroad situation. Several of the more speculative rails continue to sell out of line with actual and prospective earnings owing to the belief that prevailing market valuations will be justified by eventual merger developments. The advisability of becoming enthusiastic over stocks in this category is doubtful. This is not to say, however, that all of the lower priced, non-dividend rails are without merit. On the contrary, a selected few have individually favorable possibilities, based upon the gradual development of real earning power.

Greater Emphasis on Earnings

To repeat, therefore, careful discrimination should be employed in selecting rail stocks, notwithstanding the generally favorable position of the group as a whole. Earnings are likely to prove the final criterion for determining near price trends. In this connection, it should be noted that the estimated per share profits set forth in the accompanying table are subject to qualification. They are more useful as an indication of probabilities than of results actually to be achieved. Obviously, estimates based upon six months' reports should not be considered a wholly reliable nor an accurate measure of the year's final earnings, since changes in the trend of traffic may occur during the next few months which will necessitate modification of present computations respecting individual roads.

Generally speaking, the rails have reached a position where dividend policies are not likely to undergo many noteworthy revisions. That is to say, changes for the better have been effected in so many instances during the past two years or so that the number of possibilities for further increases or inaugurations are now not quite so large. The increases that have already been made, however, have been fully justified by the subsequent trend of events. Particularly in respect to credit, the position of leading roads is vastly improved over that obtaining even so recently as 1925. The carriers have not alone bettered their financial structures in many cases by refunding bonded debt at lower interest rates, but several have succeeded in attracting new capital through common stock issues, made possible by their ability to return junior shareholders more general dividends.

We have not incorporated the usual accompanying text to the public utility section of the Forecast owing to the wealth of information on the subject presented in our last issue, the Special Public Utility number. Readers are advised to refer to this number in the event they desire general information on the industry. For purposes of convenience we have included the Ratings on equipment issues in Part I of the Forecast instead of Part II as formerly.

Position of Railroad Common Stocks—[Continued]

	$ Earned per Share		Price Range —1928—		Recent	Dividend	Yield	Market	COMMENT
	1927	*1928	High	Low	Price	($)	(%)	Rating	
Pitts. & W. Virginia	5.86	6.00	161	121	145	6	4.1	B1	Some question as to continuation of dividend. Market price hinges primarily upon merger considerations.
Reading Company	7.64	7.00	119	94	98	4	4.1	A	Slightly lower earnings thus far in 1928 indicate no immediate repetition of 1927 extra.
St. Louis-San Francisco	10.75	11.25	122	109	112	‡8	7.2	A	Will probably continue policy of paying $1 extra in addition to $7 regular.
St. Louis Southwestern	5.21	8.50	91	67	87	..	..	A	Logical candidate for dividend, though no certainty as to time payments will begin.
Seaboard Air Line	def.	nil	30	11	14	..	..	B2	Suffering slump in earnings which further postpones div. prospects, remote at best.
Southern Pacific	9.66	10.35	131	117	118	6	5.1	A	Long awaited increase not yet immediately in sight but should come eventually.
Southern Railway	14.38	13.75	165	139	147	8	5.4	A	No change in rate likely, though present div. covered by generous margin.
Texas & Pacific	7.55	17.50	176	99	176	5	2.8	B1	Recently inaugurated $5 div. does not appear to measure ultimate possibility in view of large earnings. Low yield evidently due to discounting larger payment.
Union Pacific	16.05	17.10	204	186	192	10	5.2	A	Early change not probable but earnings suggest that extras are within bounds of ultimate probability.
Wabash	1.76	3.00	96	51	72	..	..	B1	Earnings not sufficiently stabilized to encourage hope of dividends.
Western Maryland	3.32	2.85	54	31	40	..	..	B2	A merger prospect with nebulous dividend outlook.
Western Pacific	nil	nil	37	28	30	..	..	B2	Has no very tangible dividend prospects, particularly since payments remain suspended on preferred stock.
Wheeling & Lake Erie	2.80	4.90	90	67	67	..	..	B2	Not to be classed as a dividend possibility. Market price influenced primarily by value to larger roads in consolidation plans.

‡ Including extras. * Estimated for the full year on basis of first six months.

EXPLANATION OF RATINGS

A—Should eventually be worth more on intrinsic value.
B1—Issue has inherent merit but occupies speculative position at present.
B2—Stock occupies uncertain speculative position.

Position of Public Utility Common Stocks

	Share Earnings		Price Range —1928—		Recent Price	Annual Dividend Rate	Cash Yield %	Market Rating	COMMENT
	1927	1928	High	Low					
American & Foreign Power.....	Nil	N.F.	39	23	34	..	..	A	Still under development and no early dividend prospcet.
American Power & Light.......	4.66	N.F.	95	62	78	a1	1.3	A	Could easily support higher cash rate, but early action problematical.
American Tel. & Tel.	11.95	6.18 6 mos.	211	173	174	9	5.2	A	Present rate apparently fixture, but periodic rights valuable.
Amer. Water Works & Electric..	2.69	N.F.	71	52	56	a1	1.8	B1	Will probably continue present policy of partial stock payments.
Brooklyn-Manhattan Transit	6.30 Year June 30	4.63 9 mos. Mar. 31	78	53	63	4	6.4	B1	Dividend outlook obscured pending settlement of transit controversy.
Brooklyn Union Gas.............	7.65	N.F.	159	139	140	5	3.6	B1	No indications of any immediate change in dividend policy.
Columbia Gas & Electric........	5.28	2.74 3 mos.	118	89	108	5	4.6	A	Higher dividend a possibility if present earnings are maintained.
Consolidated Gas	5.57	N.F.	170	119	145	5	3.5	A	Higher net return probable following prospective split-up.
Detroit Edison	11.32	4.15 3 mos.	210	166	200	8	4.0	A	Benefits likely to accrue through means other than increase in cash rate.
Engineers Public Service........	0.74	N.F.	46	33	37	..	..	B1	Could support moderate dividend, but action may be deferred for time.
Electric Power & Light.........	2.09	N.F.	45	29	33	1	3.0	B1	Recently inaugurated dividend likely to remain unchanged for present.
Federal Light & Traction.......	1.81	0.88 3 mos.	57	42	52	a0.80	1.2	B1	Likely to continue policy of small cash payments and regular stock dividends.
General Gas & Electric "A"....	5.90	6.19 12 mos. Mar. 31	51	35	50	1.50	3.0	B1	Participation of Class B prevents more than moderate increase in cash rate for present.
Hudson & Manhattan...........	4.69	2.25 6 mos.	73	51	57	2.50	4.4	A	Increase in rate long expected and possible at any time.
Interborough Rapid Transit.....	4.20 Year June 30	N.F.	62	29	38	..	..	B2	Situation far too complicated to make dividend possible in any event.
International Tel. & Tel.	11.07	2.62 3 mos.	197	139	168	6	3.5	A	Policy against change in dividend during period of frequent expansion.
Louisville Gas & Electric "A"..	4.49	N.F.	41	28	34	1.75	5.1	B1	Change in participation provision should lead to higher rate in due course.
National Power & Light........	1.83	N.F.	37	22	33	1	3.5	A	Probably no further dividend increase in immediate future.
North American	3.87	4.12 12 mos. Mar. 31	78	58	69	10% stock	10% stock	A	Apparently committed to policy of stock payments only at this time.
Pacific Gas & Electric..........	2.66	0.86 3 mos.	54	43	48	2	4.2	A	Holders in line to benefit through rights rather than dividend increase.
Peoples Gas Light & Coke......	10.81	6.49 6 mos.	189	157	175	8	4.6	A	No dividend change in sight, but stock offerings are source of indirect profit.
Public Service of N. J.	2.21	N.F.	66	41	54	2	3.7	A	Increasing earnings this year may lead to higher cash return.
Southern California Edison.......	3.11	1.17 3 mos.	53	43	47	2	4.3	A	Another case where policy is apparently built around fixed cash rate.
Standard Gas & Electric........	5.83	N.F.	75	58	64	3.50	5.5	A	No particular indications of dividend change this year.
Third Avenue	1.67 Year June 30	Nil 9 mos. Mar. 31	46	28	33	..	..	B2	No chance for dividends unless higher fare is granted.
Twin City Rapid Transit.......	4.83	1.69 3 mos.	56	44	45	4	8.9	B2	Doing better, but higher fare needed to assure safety of present dividend.
Utilities Power & Light "A"...	4.44	N.F.	46	28	37	2	5.4	B1	Higher dividend limited by Class "B" privileges. Rate likely to stand for present.
Western Union	15.06	7.29 6 mos.	177	139	143	8	5.6	A	Ample margin of earnings, but no indications of early dividend change.

a—Plus payments in stock. N.F.—Not available. Explanation of ratings—see text.

Position of Leading Equipment Common Stocks

Electrical

	Share Earnings 1927	Share Earnings 1928	Price Range 1928 High	Price Range 1928 Low	Recent Price	Dividend $	Cash Yield %	Market Rating	COMMENT
General Electric	$6.41	$3.38 6 mos.	174	124	147	b4	2.7	A	Will no doubt continue policy of periodic extra payments.
Westinghouse Elec. & Mfg.	6.60 Yr. Mar. '28	N.F.	112	88	93	4	4.3	A	Present dividend rate probably to remain in effect this year.

Railroad

	1927	1928	High	Low	Recent Price	Dividend $	Cash Yield %	Market Rating	COMMENT
American Brake Shoe & Foundry	3.28	N.F.	49	40	41	a1.60	3.9	A	Possibility of increasing cash payment in lieu of stock dividends.
American Car & Foundry	4.15 Yr. Apr. 30	2.75 Yr. Apr. 30	111	90	93	6	6.5	A	Large dividend reserve will probably permit retention of current rate.
American Locomotive	4.80	N.F.	115	87	97	8	8.3	A	Likely to continue regular dividend from surplus during subnormal earnings.
American Steel Foundries	3.84	0.96 3 mos.	70	50	53	3	5.7	A	Current dividend secure but increase must await better business.
Baldwin Locomotive	5.21	N.F.	285	235	250	7	2.8	B1	No likelihood of change in established dividend policy.
General American Tank Car	6.52	N.F.	77	61	69	4	5.8	B1	Increased rate established few months ago likely to stand for present.
General Railway Signal	7.78	0.48 3 mos.	123	84	99	5	5.1	A	Business slow but current rate should be maintained if recession proves temporary.
Lima Locomotive	def.	N.F.	66	38	38	..	..	B1	Former $4 rate just discontinued. Resumption contingent on revival in demand.
Westinghouse Air Brake	2.68	0.46 3 mos.	57	42	46	2	4.4	A	Current rate should be maintained but not subject to increase at present.

Business

	1927	1928	High	Low	Recent Price	Dividend $	Cash Yield %	Market Rating	COMMENT
Int'l Business Machines	7.67	3.52 6 mos.	148	114	120	5	4.2	B1	Another dividend increase in prospect for next year rather than this year.
Remington-Rand	1.17 Yr. Mar. '28	N.F.	36	23	29	..	..	B1	Restoration of dividend this year is doubtful.
Underwood Elliott-Fisher	5.56	1.86 3 mos.	75	63	67	4	6.0	A	Earnings if maintained at 1st quarter rate should permit larger dividend.

Agricultural

	1927	1928	High	Low	Recent Price	Dividend $	Cash Yield %	Market Rating	COMMENT
Advance Rumely	nil	N.F.	50	11	41	..	..	B2	Doing better but no chance for dividend for some time at best.
J. I. Case Threshing Machine	25.98	N.F.	356	247	327	6	1.8	B1	Dividend can be increased at any time but may await recapitalization.
Int'l Harvester	18.83	N.F.	290	225	270	a6	2.2	A	Increase in cash rate easily possible, but policy of stock payments likely to continue.

Machinery

	1927	1928	High	Low	Recent Price	Dividend $	Cash Yield %	Market Rating	COMMENT
Allis-Chalmers	10.02	2.60 3 mos.	130	115	124	7	5.6	A	Recent dividend increase all that can be expected for present.
Chicago Pneumatic Tool	12.83	3.91 6 mos.	141	115	116	6	5.2	A	Immediate earnings position suggests no change in rate this year.
Ingersoll Rand	6.40	N.F.	98	90	92	b3	3.3	A	Indications point to usual extras bringing annual return to $5.
Worthington Pump & Machinery	nil	N.F.	39	28	43	..	..	B2	Not in position to pay dividend even if reported improvement materializes.

a—Plus payments in stock. b—Plus extras. N.F.—Not available. For explanation of ratings see text.

Oil Bonds Now in Improved Position

Bettering Conditions of Industry Call Attention to This Class of Issue

By GEORGE Y. HOYT

BONDS of the leading petroleum companies appear to offer opportunities for investment at this time for a number of reasons. The petroleum industry has been through a prolonged period of low prices and in recent months has shown definite indications of recovery. Overproduction of crude oil has been curbed in many fields and wholesale gasoline prices have moved upward throughout the country.

The acute depression through which the industry has just passed has been a severe test of the recuperative powers not only of the industry as a whole but of the leading units composing it. Those which have been able to weather the storm and still maintain substantial earnings appear in an especially strong position at this time.

As a result of the present indicated recovery of the industry, bonds of leading petroleum companies enjoy a more seasoned and stable character than is generally appreciated. Many of them are obtainable at prices giving good yields, ranging from 5.5% to 6.0%, with some of the more "gilt-edge" issues yielding close to 5%. Many issues are selling at or close to their low levels for the year, partly as a result of conditions in the industry and partly owing to technical conditions in the bond market itself. Any further improvement in the oil situation should find reflection in enhanced values. Besides, some issues have special possibilities.

The oil industry, although established over 60 years, is comparatively young as a public borrower of funds through bond issues. As is generally known, the industry had financed its expansion largely from surplus earnings until about 1920, when some of the leading units went to the public for funds through the medium of preferred stocks yielding 7%. Since then many of these issues have been replaced with bonds and many other companies which had never before in their history accomplished any public financing have taken advantage of the favorable credit conditions of the past few years and put out issues.

Equities Behind Bonds

It is interesting, nevertheless, to note that in spite of the fact that petroleum is one of our first three industries, the bonded indebtedness of the industry as a whole is far lower in volume than that of the steel or railroad industries, due no doubt to the policies above referred to. *The result is that the better class of bond issues of oil companies now available have particularly large equities behind them.*

The oil industry has a remarkable record of growth and despite recent depression its possibilities for future expansion are greater than those of many other leading industries. Recently, the industry has shown unparalleled cooperation within and also as between itself, other industries and the government. The wonder is not so much that it has been able through close cooperation to meet the overproduction situation, but that it has been able to supply a tremendous and growing demand for gasoline at the low prices which have been in effect during the past two years.

These factors give promise of a growing appreciation among investors of oil bonds and hence a steadily broadening market for them, both as to supply and demand. Meanwhile, issues of leading companies are obtainable at prices and yields which appear attractive based on the outlook for further improvement in the oil business.

Debentures Popular

The debenture form of obligation seems to be the most popular one

A Selected List of Oil Bonds

Company	Type of Bond	Matures	Outstanding	Annual Interest Requirements
Atlantic Refining	5% debentures	1937	$14,456,600	$722,830
Barnsdall Corp.	6% debentures	1940	24,863,500	1,491,810
Continental Oil	5¼% debentures	1937	12,000,000	630,000
Gulf Oil Corp.	5% debentures	1937	30,904,000	1,545,200
Humble Oil & Refining	5½% debentures	1932	25,000,000	1,375,000
Mid-Continent Petroleum	6½% 1st lien	1940	9,893,000	643,045
Phillips Petroleum	5¼% debentures	1939	36,245,000	1,902,862
Pure Oil	5½% notes	1937	20,000,000	1,100,000
Shell Union Oil	5% debentures	1947	49,745,000	2,487,250
Simms Petroleum	6% convertible notes	1929	3,431,500	205,890
Sinclair Consolidated	7% 1st lien "A"	1937	44,816,500	3,137,155
Standard of New Jersey	5% debentures	1946	120,000,000	6,000,000
Standard of New York	4½% debentures	1951	50,000,000	2,250,000
Sun Oil	5½% debentures	1939	9,332,500	513,287
Union Oil of California	5% 1st mortgage	1931	3,187,000	159,350

among oil companies. Of fifteen representative issues listed in this article, ten are of that type. Three are first mortgage bonds and two are note issues. Maturities range from 1931 to 1951, with annual sinking fund provisions in most instances. Only one of the issues listed is non-callable before maturity, that of Atlantic Refining Co., maturing in 1937.

The bonds mentioned bear interest at rates ranging from 4½% to 7%, but ten bear interest at from 5% to 5½%. The average interest rate on the fifteen issues is 5.46% and average yield at current prices approximately 5.47%.

The average earnings reported by the leading oil companies in 1926 and 1927 are considered representative of what these companies could do over a period of years. Those of 1926 were favorable, but the year 1927 was one of acute depression, and earnings of practically all companies were below average.

1927 *Earnings for Bond Interest*

Taking the average of the two years, it is found that the fifteen companies listed earned their interest requirements on the issues listed from four to thirteen times, while only two failed to earn their interest requirements in 1927, and these by a comparatively narrow margin due to heavy charge-offs. In every case a sound position was indicated by the showing for 1926 and the average showing for the two years 1926-1927. In a few instances the oil companies named have shown larger earnings than those reported for 1926, and according to every indication could easily repeat their record under favorable conditions.

The noted improvement in conditions in the oil industry this year is expected to result in earnings for the year exceeding those for 1927.

The bond issues listed are believed to be representative but of course there are many others available. Some of the special features of individual issues listed bear discussion, as the complete story cannot be covered in the table.

Gulf Oil 5s These debentures have a large equity in back of them and interest has been earned by a particularly wide margin. The total issue, $30,904,000, is followed by a later issue of $25,000,000, maturing in 1947. Interest on the issue listed, which matures in 1937, was earned 11.3 times in 1927 and an average of 16.2 times for the combined years 1926 and 1927. The yield on these debentures based on current market of 100¼ is 4.98%, this price representing a decline of 2 points from the high of the year.

Standard of New Jersey 5s The $120,000,000 5% debentures of the Standard Oil Co. of New Jersey represent the sole funded debt of the company. They are callable in whole or in part on 60 days' notice at 103 until August 1, 1931, at 102 until August 1, 1936, at 101 to August 1, 1941, and at 100½ to August 1, 1946. Interest was earned 7.7 times in 1927 and an average of 11.7 times for the years 1926-1927. At current price of 102½ the yield is 4.87%.

Barnsdall Corp. 6s Among the bonds having attractive speculative possibilities are the $24,863,500 6% debentures of the Barnsdall Corp. Each $1,000 debenture bears a detachable warrant entitling the holder to purchase at $25 a share on or before December 15, 1930, 20 shares of Class B stock. In case the debentures are called for redemption during the five years ended December 15, 1930, the warrants pertaining to such debentures will be exercisable for 45 days after the call, and until 15 days prior to the date fixed for redemption, and will be void thereafter. Class A stock may now be purchased instead of Class B, as Class B is exchangeable into Class A par for par.

These debentures are the sole funded debt of Barnsdall Corp. and at current price, 100, yield 6%.

Continental Oil 5¼s The Continental Oil 5¼% debentures maturing in 1937 offer a good yield combined with a high degree of safety. The yield at current price of 96¼ is 5.45%. Continental, an all-around oil unit, operates in a growing territory, both as to production of crude oil and consumption of refined products. Although in 1927 interest on this issue was not fully earned due to liberal charge-offs, for the two years 1926-1927 interest was covered an average of 4.2 times, and in 1926 it was covered almost 8 times.

Union Oil of California 5s Only a small amount of this issue is now outstanding, approximately $3,187,000. The company's total funded debt is $23,388,500, including this issue, although the first mortgage 5s rank as a senior obligation. The bonds are callable at 105 until maturity, January 2, 1931. Contrary to the rule, these bonds are selling near their high point for the year, probably reflecting the small amount outstanding and the outlook for early retirement. At the current price, 101⅞, the bonds yield approximately 4.9%.

Simms Petroleum Another issue with special possibilities is the Simms Petroleum Co. convertible 6% notes, convertible as to principal on or before November 15, 1928, or the 10th day prior to any date fixed for redemption, into shares of capital stock at $25 a share. The notes are currently selling at 102 and at that price the yield is 5.88%.

The company has developed substantial crude oil production in West Texas and appears to be in a position to profit as a result of further improvement in the oil situation.

A Selected List of Oil Bonds

Company	Earnings Available for Interest 1927	Earnings Available for Interest 1926	Times Earned 1927	Times Earned 1926-1927 Av.	Call Price	To	Recent Price	Yield
Atlantic Refining	$3,298,878	$8,069,820	4.5	7.8	None	....	100⅛	4.97%
Barnsdall Corp.	5,997,640	6,976,614	4.0	4.3	* 103¼ / 100	Dec. 15, 1928 / Dec. 15, 1930	100	6.00
Continental Oil	0,371,639	5,029,659	.6	4.2	103	Nov. 1, 1930	96¼	5.45
Gulf Oil Corp.	17,548,574	32,657,890	11.3	16.2	103½	Maturity	100¼	4.98
Humble Oil & Refining	9,772,017	20,760,572	7.1	11.1	102½	Maturity	102¼	5.38
Mid-Continent Petroleum	4,116,442	9,492,116	6.4	10.5	105	March 1, 1935	105¼	6.17
Phillips Petrolum	6,507,423	21,407,708	3.3	7.3	103	Dec. 1, 1929	92¼	5.69
Pure Oil	5,936,529	11,627,662	5.3	7.9	102¼	Aug. 1, 1929	98½	5.58
Shell Union Oil	13,832,165	31,518,966	5.5	9.1	103	May 1, 1932	96⅛	5.19
Simms Petroleum	0,177,248	1,604,280	.8	4.3	102	Dec. 31, 1928	102	5.38
Sinclair Consolidated	12,979,969	25,370,654	4.1	6.1	105	March 15, 1932	101½	6.39
Standard Oil of N. J.	46,422,857	117,652,201	7.7	13.6	103	Aug. 1, 1931	102½	4.37
Standard Oil of N. Y.	17,155,625	35,787,256	7.6	11.7	101	Dec. 15, 1936	95⅛	4.71
Sun Oil	3,353,376	4,277,950	6.5	7.4	102½	Sept. 1, 1929	100⅜	5.45
Union Oil of California	10,544,452	12,591,633	66.1	72.5	105	Maturity	101⅞	4.90

* Callable at 103¼ with stock warrants attached and at 100 with stock warrants detached.

St. Louis-San Francisco Cons. Mtge. 4½s, 1978

Bonds Cheap After 9-Point Drop

Bonds Brought Out at Unfavorable Time in Bond Market—Attractive at Present Prices

By WALTER G. HORNER

THE St. Louis-San Francisco Railway Co. recently inaugurated a comprehensive program of recapitalization designed to reduce charges through elimination of high interest bearing obligations formerly outstanding and to provide a better balance to the capital structure. The principal element in the undertaking was the issue of 100 million Consolidated Mortgage 4½% bonds, Series A, dated March 1 last, and maturing in 1978.

The offering unfortunately arrived almost simultaneously with the early stages of the reactionary tendencies now prevailing in the bond market, the result being that there was no opportunity to effect a satisfactory distribution of the issue such as could have been accomplished a little earlier, and the market in consequence has declined some nine points from the original offering price only a few months ago. This, of course, is a far more drastic drop than has been experienced by bonds of the same grade on the average, and, regardless of the question as to the advisability of bringing them out at so high a price as 97 in the first place, a matter which is not concerned with the purposes of this article, there is no doubt that the bonds on their present basis, yielding nearly 5.2%, are worthy of serious consideration on the part of investors, not in anticipation of an early recovery of all the ground lost, but in order to benefit from the relatively high return offered and from the corrective movement which should logically follow so extensive a decline precipitated at least in part by a purely technical market situation in addition to the causes actuating the general course of bond prices.

Financial Readjustment

The rise of St. Louis-San Francisco to prosperity in recent years, following the reorganization completed in 1916, has been one of the outstanding features of the railroad world, but, including two issues, interest requirements on which were contingent upon requisite earning power, the reorganization left the road with a top-heavy funded indebtedness comprising more than 80% of the capitalization. This was a situation beneficial to stockholders when earnings were undergoing substantial yearly increases, but at the same time undesirable as a permanent condition, and the company has been simply awaiting a favorable opportunity to effect a readjustment.

This is part of a series of special analyses describing unusual opportunities in the bond market. We should like to call the attention of our readers to these analyses as they have been prepared from the special viewpoint of the business man who desires a substantial yield and possibilities for price appreciation.

Establishment of dividends made it possible to conduct new financing operations through sale of stock in lieu of bonds. A sale of 15 millions additional common stock last year was followed by the recent financing this year, which, in addition to the 100 millions in bonds for the purpose of refunding various other obligations, likewise included an offering of 49 millions new 6% non-cumulative preferred stock. This entailed the retirement of the old preferred outstanding to the extent of 7.5 millions. The general result, accordingly, in addition to the other purposes served, is a simplification materially reducing the number of individual issues.

Taking up more specifically the provisions of the new Consolidated 4½s under discussion; they constitute a junior mortgage which is also to be utilized for future financing requirements through bonds issuable in other series. The present Series A bonds may be supplemented in future by additional bonds in different series and perhaps with different provisions as to maturity, interest rate, and redemption as the directors may determine. It is stipulated, however, that at no time shall the aggregate Consolidated Mortgage Bonds outstanding, together with all bonds prior in lien, exceed more than three times the par value of the capital stock then outstanding. Giving effect to changes soon to be completed, funded debt is approximately 2.4 times the capital stock, hence the amount of additional bonds that can be issued under the same mortgage is automatically limited to around 70 millions pending further increases in preferred or common stock. Prior liens now aggregate 162 millions, not including 17.4 millions equipment trust obligations. They cannot be increased or extended, and as they mature they will be refunded with additional bonds issued under the consolidated mortgage.

The Security

The Consolidated Mortgage Bonds are secured by deposit of 66.63 million underlying bonds, consisting of 47.63 millions of the company's own Prior Lien Mortgage Bonds and 19 million Kansas City, Fort Scott & Memphis Railway Refunding Mortgage Bonds. They are secured likewise on 4,292 miles of the Frisco system proper, together with terminals, equipment, shops, etc., either directly or through pledge of all outstanding securities; by substantially the entire properties or stock of Kansas City, Fort Scott & Memphis having ownership or control of 1,331 additional miles of road; and by all properties to be acquired hereafter with the proceeds of Consolidated Mortgage Bonds. Series A is available in denominations of $500 as well as $1,000, and is redeemable as a whole or in part at 105 for the next forty years, the price dropping to par value after March 1, 1968, until maturity ten years later.

The St. Louis-San Francisco system comprises about 5,700 miles of road, extending from St. Louis and Kansas City in one division through Missouri, Kansas, Oklahoma, Arkansas and into Texas, and in another division across the Mississippi River at Memphis through Tennessee, Mississippi and Alabama to Birmingham where it connects with other lines running to seaboard. An extension now under construction when completed will reach the port of Pensacola, Florida, giving the road an outlet to the Gulf of Mexico over its own lines.

In several instances the system provides the shortest routes between strategical points. Substantial growth of the territory served has been reflected in corresponding gains in gross revenues over the last decade, gains which have involved a much smaller ratio of increase in operating expenses. Furthermore, the road holds a large interest in Chicago, Rock Island & Pacific with an even greater mileage, and the newly developed prosperity of the latter system is of much value in augmenting the equity worth and the outside income of the Frisco. Market value of the Rock Island common stock holdings has more than doubled since acquisition, and the issue has been converted from a non-dividend payer to one paying $6 annual dividends with more probably to follow in due course.

After being relatively at a standstill since 1924, operating earnings showed a declining tendency in 1927 which has been even more marked in the first six months of the current year. The Mississippi floods were an adverse factor and the movement of wheat and petroleum was on a smaller scale, but from now on these conditions, except in respect to oil, are likely to become rectified to a partial extent at any rate, and better operating results for the second half-year may be reasonably anticipated. Increased dividend from Rock Island and savings effected by refinancing, moreover, are factors conducive to maintaining the margin of safety for bond interest.

In spite of a loss of 1.1 million in net operating income for the first six months, balance available for interest as of June 30 was ahead of the corresponding period in 1927 and close to 1.8 times interest requirements on the basis of the revised funded indebtedness. The company has utilized the call money market to a large extent for the temporary employment of the proceeds of the new financing, and outside income for this reason has been more prolific than normal. It should consequently attain smaller proportions from now on and whether the margin over interest requirements for the full year is as great as the average of recent years depends upon the extent of improvement in volume of tonnage and gross revenues for the balance of the year.

Decline in railway revenues no doubt contributed something to depressing the market for the bonds, but there is no reason to believe that the earning power of the system is not on a solid basis. Various developments, moreover, are of a favorable nature. The capital structure is simplified and better balanced and through the changes made therein permanent means of future financing have been provided, while the Rock Island interest and the extension to the Gulf Coast have a very real value, either present or prospective. *These factors in conjunction with the probability that the bonds were the victim of a technical market situation tend to bring this issue to the forefront in considering present sound investment opportunities.*

Bond Buyers' Guide

Note.—The following list of bonds has been arranged solely on the basis of current yields to maturity. The position of any issue is not intended as an indication of its relative investment merit. Readers should observe a proper diversification of commitments in making their selections from this list.

Government

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Panama 5½s, 1953 ....(a)	....	...	102½GT	102	5.4	5.4
Dominican 5½s, 1942 ....(a)	....	...	101G	99	5.5	5.6
Haiti 6s, 1952 ....(b)	....	...	100	100	6.0	6.0
Argentine 6s, 1959 ....(a)	....	...	100	99¼	6.1	6.1
Chile 6s, 1960 ....(a)	....	...	100	94	6.4	6.4

Railroads

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Atchison, Top. & S. F. Conv. 4s, 1955..	267.4	4.75	110	90	4.4	4.6
Rock Island-Frisco Terminal 1st 4½s, 1957 ....(d)	....	X	102½T	96	4.6	4.7
Illinois Central 4¾s, 1966 ....(a)	....	2.25	102½GT	99	4.8	4.8
Pennsylvania 5s, 1964	....	2.78	105T	103	4.8	4.8
Central Pacific Guar. 5s, 1960.......(a)	....	2.58	105GT	101	4.9	4.9
Southern Railway Dev. & Gen. 6s, 1956.	133.8	1.90	....	114	5.2	5.0
Great Northern Gen. A 7s, 1936.....(b)	139.8	2.64	....	113	6.2	5.0
Missouri Pacific 1st & Ref. 5s, 1977..(a)	125.2	1.32	105A	99	5.0	5.1
Cuba R. R. 1st 5s, 1952................	....	3.07	....	97	5.1	5.2
Western Pacific 1st 5s, 1946.........(b)	....	2.29	100	98	5.1	5.2
Central of Georgia Ref. 5½s, 1959......	31.1	1.80	105AG	105	5.2	5.2
Chesapeake Corp. 5s, 1947..............	....	2.45	100	98	5.1	5.2
N. Y., Chic. & St. Louis Ref. 5½s, 1974 ....(a)	59.6	2.49	107½	105	5.2	5.2
Chic. & W. Indiana 1st Ref. 5½s, 1962.	49.9	X	105	104	5.3	5.3
Wabash Ref. & Gen. 5½s, 1975......(a)	62.4	2.02	105AG	104	5.3	5.3
Carolina, Clinchfield & Ohio 1st & Cons. 6s, 1952 ....(b)	13.9	X	107½T	109	5.5	5.3
Northern Pacific Ref. & Impr. 6s, 2047 ....(a)	166.7	2.32	110G	112	5.4	5.4
Minn., St. Paul & S. S. M. 1st 4s, 1938	....	1.17	....	88	4.5	5.5
Baltimore & Ohio Ref. & Gen. 6s, 1995 ....(a)	284.2	1.56	107½AG	109	5.5	5.5
Vicksburg, Shreveport & Pac. Ref. 6s, 1973 ....(d)	2.0	X	107½AT	104	5.7	5.7

Public Utilities

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Pacific Gas & Elec. Gen. Ref. 5s, 1942..	34.6	1.95	105T	103	4.9	4.7
Utah Power & Light 1st 5s, 1944.......	....	1.86	105	102	4.9	4.8
Montana Power Deb. 5s, 1962........(a)	34.7	2.62	105T	100	5.0	5.0
Indiana Natural Gas & Oil Ref. 5s, 1936.	....	2.69	....	100	5.0	5.0
Consol. Gas of N. Y. Deb. 6½s, 1945.(a)	....	4.09	106T	106	5.2	5.0
Columbia Gas & Elec. Deb. 5s, 1952.....	....	6.96	105T	99	5.0	5.1
Hudson & Manhattan 1st Ref. 5s, 1957 ....(b)	5.9	2.11	105	98	5.1	5.1
Detroit Edison 1st & Ref. 6s, 1940..(b)	14.0	2.41	107½T	108	5.5	5.1
Consol. Gas E. L. & P. of Balt. 1st Ref. 6s, 1949 ....(a) (c)	32.2	2.69	107½T	106	5.6	5.5
Seattle Electric—Seattle Everett 1st 5s, 1939 ....(d)	....	1.76	105	93½	5.3	5.6
Phil. Rap. Trans. 6s, 1962............(c)	10.0	1.21	105	104	5.8	5.7
Amer. Water Works & Elec. Deb. 6s, 1975 ....(a)	12.7	1.33	110	106	5.7	5.7
Twin City Rap. Transit 1st & Ref. 5½s, 1952 ....(b) (d)	4.4	2.30	105T	95	5.7	5.8

Industrials

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Gulf Oil Deb. 5s, 1947...............(c)	....	15.39	104AT	100	5.0	5.0
Youngstown Sheet & Tube 1st 5s, 1978 ....(a)	....	4.12	105T	100	5.0	5.0
Allis Chalmers Deb. 5s, 1937.........(a)	....	4.80	103T	99	5.0	5.1
International Match Deb. 5s, 1947....(a)	....	6.16	103T	98	5.1	5.1
Chile Copper Deb. 5s, 1947...........(a)	....	6.26	102T	95	5.3	5.4
Amer. Chain 6s, 1933 ....(a)	....	6.87	105	102	5.9	5.6
Amer. Cyanamid Deb. 5s, 1942..........	....	4.10	100	94	5.3	5.6
Bethlehem Steel Cons. 6s, 1948.........	101.3	2.33	105	104	5.7	5.6
Sinclair Pipe Line 5s, 1942.........(a)	....	4.27	103	93	5.3	5.7
Loew's Inc. 6s, 1941 (ex warrants)..(a)	....	6.70	105T	100	6.0	6.0
Schulco B 6½s, 1946................(a)	4.0	X	103T	104	6.2	6.1
U. S. Rubber 1st & Ref. 5s, 1947....(b)	2.6	2.60	105A	87	5.8	6.2

Short Terms

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Standard Milling 1st 5s, Nov. 1, 1930...	....	4.75	....	100	5.0	5.0
N. Y., Chic. & St. Louis 2nd & Impr. 6s, May 1, 1931 ....(a)	17.3	2.49	102	102	5.9	5.1
Central of Georgia Sec. 6s, June 1, 1929.	31.0	1.80	101AT	100½	5.9	5.5
Georgia, Carolina & Nor. 1st 5s, July 1, 1929	....	1.28	....	99⅛	5.0	5.8
Sloss-Sheffield P. M. 6s, Aug. 1, 1929...	1.6	6.79	105	100⅛	6.0	5.8

All bonds are in $1,000 denominations only, except (a) lowest denomination $500, (b) $100. Earnings are on five-year average basis unless available only for shorter period.

A—Callable as a whole only. T—Callable at gradually lower prices. G—Not callable until 1930 or later. X—Guaranteed by proprietary companies. (c) Listed on New York Curb. (d) Available over-the-counter.

Position and Outlook for Steel Industry and Five Leading Companies

Bethlehem Inland Republic
U. S. Steel Youngstown

By H. J. KNAPP

CONDITIONS in the steel industry at the present time are substantially better than had been expected some months ago even by optimistic observers. Estimated ingot production for the first half of 1928 was somewhat above that for the same period in 1927 and even above the record established in 1926. During July and August buying is normally light and price concessions are ordinarily in order but this year summer business is above the usual volume and is being handled at advancing prices.

Seasonal slackening in operations was less marked and of shorter duration than was expected and current output is at a higher rate than a year ago, with the trend still upward at this writing. A brisk demand is encouraging producers, and an absence of the usual summer price concessions has in some cases induced the placing of orders for expected requirements some months in advance.

Good Industrial Demand

Motor car production throughout this year has been at a volume but little below the record high established in 1926 and has been maintained thus far without the customary substantial mid-summer decline. Important car builders have been buying freely and a continued good demand from this source is expected for several months at the least.

The increased activity in the canning industry over the 1927 level has, of course, resulted in heavier demands from the tin plate mills, which are still operating at capacity and seem likely to continue as large consumers for some time.

Building on a very active scale has meant a heavy consumption of structural steel. In this industry again the outlook is for continued activity with new building projects, in New York City at any rate, likely to establish new records for the year as the summer advances.

Makers of farm implements have had an excellent season and with the greatly improved buying position of the farmers due to high prices for grains, live stock and other products, further large purchases of farm machinery are anticipated with correspondingly large demands from the implement companies upon the steel producers.

Demand from the oil companies has, of course, been unusually slack for some time because of the generally depressed condition of that industry but definite signs of improvement are now becoming increasingly apparent. New pipe lines are being projected and some large orders for steel pipe have already been placed with others expected to follow. Any real improvement in the oil industry would certainly be reflected in increased activity on the part of the pipe manufacturers with substantial additional steel consumption.

As in several recent years the railroads have been buying a minimum of new equipment and there is no sign of any immediate change for the better in this situation but it is certain that the purchase of considerable new rolling stock cannot be indefinitely delayed as that now in use is gradually wearing out. When business does pick up for the equipment companies the gain will be shared by the steel makers.

Perhaps the prospect for more than the usual rail purchases next year is one of the most encouraging features in the steel outlook. Some orders for delivery in 1929 have already been booked and when the requirements for the annual rail replacements are taken up by railway executives during the coming fall total orders for the year are expected to run above the average.

Exports Increasing

Statistics show that exports of iron and steel during May of this year, the latest yet reported, were the largest in five years and that the present trend is toward declining imports and increasing exports. For May exports were 268,000 tons against 203,000 tons during the same month in 1927 while imports were 72,000 tons against 80,000 tons a year earlier. Total exports for the first five months of this year were 1,097,000 tons as compared with 949,000 tons last year while imports remained practically equal at 324,000 tons in 1928 against 315,000 tons in 1927.

Co-operation between our two greatest steel exporters appears to be having the desired result and American producers have been able to meet competition from other countries without undue cutting of prices—even in some

instances selling in foreign markets at prices above those prevailing here, contrary to the usual custom. Many plants are now understood to have a good volume of orders for shipment abroad upon their books, and exports should be well maintained for some time at least.

One of the unsatisfactory features of recent operations in the steel industry has been the narrow margin of profits and the resulting low earnings due to continual shading of prices. Volume of business has been excellent but prices have been too low to allow satisfactory profits.

Recently, however, several price advances have been announced and these, while not large, are encouraging as indicating a basically improved condition. The favorable results of the recent price advances have already been reflected to some extent in earnings reports made by some companies covering the quarter ended June 30, 1928.

BETHLEHEM STEEL CORP. Bethlehem is the second largest steel producer in the world and although its capacity is only about one-third that of the United States Steel Corporation it is easily double that of its nearest smaller competitor in this country. The company is a complete unit in the industry and has now practically completed a construction program commenced in 1923 involving the expenditure of about $150,000,000.

Plants have been thoroughly modernized, production costs substantially reduced and operating efficiency improved. The plants are well located and reserves of coal and ore are large.

Earnings per share available for the common stock in recent years have been as follows: 1925, $5.30; 1926, $7.48; 1927, $5.02. For the first six months of 1928 such earnings were reported as equal to $2.51 per share.

The current position of the corporation is strong, the latest balance sheet showing net working capital of more than $122,200,000 and cash and marketable securities of $47,796,000. Book value of the stock is about $173 per share.

It appears likely that dividends will be resumed, probably at the former $5.00 rate, as soon as the directors feel satisfied that general conditions in the industry are such that the disbursements can safely be maintained. The general outlook for the company is distinctly favorable.

Selling at 56, or slightly less than ten times average annual earnings for the last three years, Bethlehem stock appears to be reasonably priced for investment purposes and though unlikely to show a sharp advance until dividends are clearly indicated, possibilities for price enhancement seem definite.

INLAND STEEL CO. Inland is one of the strongest and most consistently prosperous of the independents and is the second largest producer in the Chicago district, having an annual ingot capacity of 1,800,000 tons. Excellent supplies of raw materials and adequate transportation facilities are controlled. The merger with Youngstown Sheet & Tube Co. proposed early this year was later abandoned but reports of possible combinations involving this company still persist.

Current assets as of December 31, 1927, were $30,597,000, including $11,366,000 cash and marketable securities, against current liabilities of $4,105,000. Net working capital at $26,492,000 was nearly $3,000,000 above that of a year before and has doubled during the last five years. Book value of the common stock was nearly $50.00 per share, all assets being carried at very conservative figures.

Dividends have been paid on the common stock for the last twenty years without interruption and earning power has been well maintained. During the last three years earnings per share of common stock were: 1925, $3.53; 1926, $5.45; 1927, $5.16. Such earnings for the six months ended June 30, 1928, were $3.88 as compared with $3.37 for the same period in 1927. Inland was one of the few companies to maintain earnings in 1927 at practically the 1926 rate and to make a better showing in the first half of 1928 than a year ago.

Selling at 57, Inland stock offers a yield of about 4.4% based on the current regular dividend rate of $2.50 annually, and the price is less than eight times indicated earnings for the current year based on results of the first six months.

This stock now appears conservatively priced in comparison with the other steels on the basis of earning power and is attractive for investment. In case a new and favorable merger plan should be developed the speculative attractiveness of the stock might be considerably enhanced.

REPUBLIC IRON & STEEL CO. Through the recent absorption of Trumbull Steel this company became the fourth largest of the independents. Another benefit of the merger will be the rounding out of the organization with a better balance between ingot capacity and finishing mills. Reserves of iron ores and coal appear to be ample. Rumors of further mergers involving Republic have been circulated frequently but nothing definite in that line yet appears to have taken form.

Cash position as of December 31, 1927, was good with current assets of $23,882,000, including about $4,660,000 cash and equivalents, against current liabilities of $3,506,974 and an indicated net working capital of $20,374,955. These figures, of course, were changed somewhat when Trumbull was absorbed but they still indicate the general strength of the company's position.

Earnings before the merger, both of Republic and Trumbull, have been erratic. For Republic earnings per share during recent years have been—1925, $6.88; 1926, $11.05; 1927, $4.23. In connection with the merger capital stock was increased from 300,000 shares of $100 par to 596,030 shares of no par value.

After a lapse of five years, dividends at the rate of $4.00 per annum were resumed in 1926 and have since been maintained at the same rate, but they were barely covered in 1927 on the much smaller amount of stock then outstanding and the outlook for the current year is somewhat doubtful. For the six months ended June 30, 1928, net earnings, including those of Trumbull for three months, amounted to only $1.11 per share available for the stock now outstanding.

While important benefits from the new management now in control are anticipated and possible mergers may work out to the advantage of the company it seems that at the present price, around 57½, this stock is selling high enough and has quite fully discounted all favorable factors.

U. S. STEEL CORPORATION United States Steel is the leading producer of iron and steel in the world and in point of capi-

(*Please turn to page* 726)

A Record of Leading Steel Companies

	Bethlehem	Inland	Republic	U. S. Steel	Youngstown
Ingot Capacity (Tons)	7,900,000	1,800,000	1,300,000‡	23,761,000	3,000,000
Total Income (1927)	$40,378,399	$11,342,053	$6,037,863	$172,315,489	$22,923,265
Net Income (1927)	15,826,142	6,806,894	3,018,282	87,896,836	7,028,335
Earnings Per Share—					
1925	$5.30	$3.53	$6.88	$9.20†	$12.38
1926	7.48	5.45	11.05	12.85†	14.32
1927	5.02	5.16	4.23	8.81†	6.10
(1st half) 1928	2.51	3.88	1.11	4.86	3.67
Market Price	56	57	57½	140	89
Dividend Rate	..	$2.50*	$4.00	$7.00	$5.00
Yield	..	4.4%	7%	5%	5.6%

* Plus extras. † Based on stock now outstanding. ‡ Finished iron and steel.

Improved Facilities Contribute to Promising Outlook for High Grade Industrial

More Favorable Profit Margin and Larger Gross Business Indicated

By FERDINAND OTTER

IN the sometimes imaginative spring bull market, Westinghouse Electric & Manufacturing Company common advanced to a high of 112 from a low of 88⅛ in January. As this is written, the stock has cancelled nearly all of its 1928 gain but still is selling far above the low of 67⅝ registered in 1927. Of course, the spring rise, which incidentally brought the stock to a price nearly eighteen times per share earnings, was the result of a speculative effort. The Street gossip which accompanied it dealt with mergers, a large increase in earning power and the possibility of somewhat higher dividend payments.

Prospective purchasers of stocks now are less interested in indefinite future possibilities and the magic touch of the merger complex. It is no longer necessary to resort so much to the conventional legerdemain of wild bull markets to explain quotations. Unemotional analysis of the essential factors concerning the second largest electrical equipment manufacturing company now is possible.

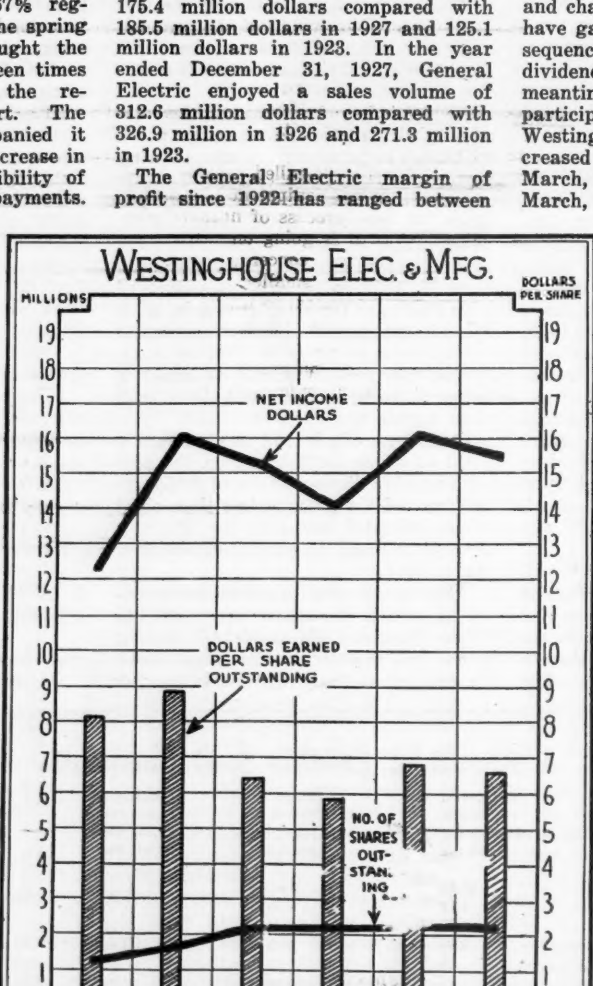
Compared With General Electric

Westinghouse Electric is a smaller organization than General Electric Company and over a period of years its margin of profit has been less than the margin of its leading competitor. Partly because earning power has increased more slowly and partly because capitalization has increased more rapidly, its stock has, perhaps, up to this time, been a less desirable issue to own than General Electric. The management of Westinghouse Electric, however, has been making important property improvements, which eventually should mean larger per share earnings and in the long run a more generous dividend policy.

In the year ended March 31, 1928, the sales of Westinghouse amounted to 175.4 million dollars compared with 185.5 million dollars in 1927 and 125.1 million dollars in 1923. In the year ended December 31, 1927, General Electric enjoyed a sales volume of 312.6 million dollars compared with 326.9 million in 1926 and 271.3 million in 1923.

The General Electric margin of profit since 1923 has ranged between 11.56% and 10.93%, while the Westinghouse margin of profit has ranged between 6.2% and 11.2%, for the past three years averaging about 8.4%.

Since 1923 there has been been no increase in the number of common shares of General Electric outstanding and charges prior to the common stock have gained only moderately as a consequence of the payment of extra dividends of special stock. In the meantime, the number of common and participating preferred shares of Westinghouse outstanding has increased from 1,456,266 at the end of March, 1923, to 2,330,076 at the end of March, 1928. The market appraisal of the common stock of Westinghouse increased from 84.7 million dollars at the end of December, 1923, to 251.2 million at the end of June, 1928, while the market appraisal of General Electric common stock showed an even greater increase from 351.1 million at the end of 1923 to 1117.5 million at the end of last June.



Last year, when General Electric's earnings were $6.81 a share compared with $5.96 a share in 1926, Westinghouse earned $6.59 compared with $6.80 a share in the previous fiscal period. Both companies experienced declines in gross, but General Electric apparently was able to control its margin of profit more efficiently, for 11.56c was earned on each dollar of sales compared with 11.35c in 1926, while Westinghouse Electric earned 8c on each dollar compared with 8½c in 1927.

The 1928 annual report states that expenditures for new plants and additions and extensions dur-

ing the past six years have aggregated 39.7 million dollars. This expenditure is expected to result in lower manufacturing costs. Westinghouse always has been handicapped by a lack of adequate manufacturing facilities and in spite of the progress which has been made in reducing the cost of making some of its many products, a congested situation which has existed at the Pittsburgh works has prevented the handling of business at this unit on an advantageous basis. Moreover, Westinghouse has specialized, perhaps, in fields where the normal margin of profit is not as large as in the fields where General Electric has specialized.

THE outlook for the electrical equipment business at present is decidedly favorable. With the public utility companies of the United States planning to spend $900,000,000 in 1928 for development, or $150,000,000 more than in 1927, profitable central station business should be obtainable in larger volume, and the demand for standard utility accessories should be of record proportions.

The expansion and improvement program, just mentioned, was financed through the sale of $14,962,530 of additional common at 53 in 1923, through the sale of $17,955,000 of additional stock to stockholders at 52½ in 1924, and from earnings. During the past two years consolidated funded debt has been reduced approximately $6,000,000. A stock dividend of 10% was distributed in 1924.

While the dividend rate has been increased from $3.50 to $4 per annum, and yield has been further sweetened through the cash value of two subscription privileges and the 10% stock dividend, the increased capitalization has militated against any large increase in per share earnings. In this connection it may be pointed out, however, that the income account benefits from the property improvements of the past six years have not yet made themselves felt to the fullest extent.

Industrial Outlook

The foregoing explains in a measure why Westinghouse stock often has been a slower market mover than General Electric. It has the habit of occupying a trading range for months at a time; its early 1928 price history stands out in contrast with a price range of less than twenty points in each one of the five years prior to 1927.

The outlook for the electrical equipment business at present is decidedly favorable. With the public utility companies of the United States planning to spend $900,000,000 in 1928 for development, or $150,000,000 more than in 1927, profitable central station business should be obtainable in larger volume, and the demand for standard utility accessories should be of record proportions.

During the first half year building operations have been at a high rate. While competition in the specialty goods field is keen, there is a rather constant flow of business away from the smaller and lower cost producers to companies like Westinghouse. Railroad electrification is becoming more of a live issue, and it is estimated that minimum expenditures in this field during the next three years will be over $100,000,000. Record copper consumption in the first half year witnessed to the general prosperity of all electrical lines.

Nor can the so-called secular trend in the electrical equipment business be ignored. The process of national electrification still is going on. More and more industrial concerns, especially those operating smaller plants, are finding it economical to use electrically driven machinery. Higher standards of living always are leading to a wider use of electrical equipment in the home. Each additional mile of electric light and power line into new territory means more electric irons, more electric washing machines, more electric sewing machines, more electrically operated radios and more electrical household devices of every type. While it is only natural that competition in a business which has increased so phenomenally during the past two decades should be acute, if the clearly defined trend in all other industrial lines is followed in the electrical industry, the bigger companies are bound to increase their business more rapidly than their smaller competitors.

It is interesting to observe that Westinghouse financed most of its recent plant improvements in advance of their completion. Although upwards of $40,000,000 has been spent on the property since the beginning of 1923, current assets at the end of last March were 122 million dollars compared with 15 million current liabilities, and the company's only funded debt was 30 million dollars of 5% debentures due in 1946.

Financial Position

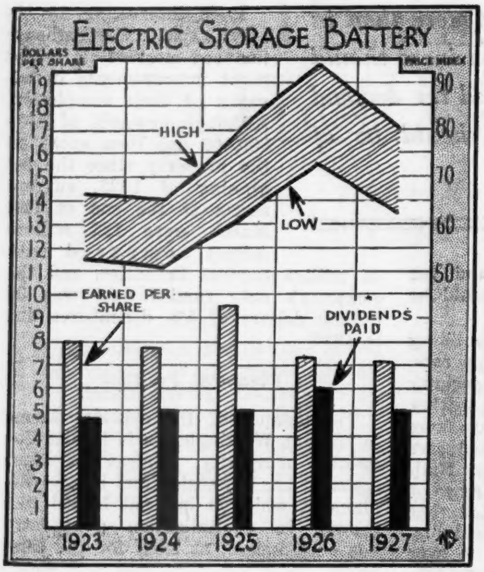
The balance of the evidence seems to be that Westinghouse is headed for greater prosperity. Unless the management has expansion and betterment plans at which it has not hinted, the growth in capitalization apparently has been halted, at least for the time being.

The key to the possibilities in the stock is to be found in the company's margin of profit and it will be interesting to observe during the next two or three years just what influence plant improvements may have on net earnings per dollar of sales. Could Westinghouse enjoy a margin of profit of 11c on the dollar (like General Electric) instead of 8c on the dollar as in 1927, net earnings would be about 5½ million dollars larger each year, increasing per share earnings from a present "normal" of around $6.50 per share of common to around $8.50.

The stock is one of the higher grade industrial issues, the $4 dividend being well protected by earning power and cash reserves. Bought on recessions the issue has rather definite speculative possibilities. However, it should be pointed out that the advance to 112 was based to a considerable extent on a peculiar type of speculative psychology which, for the present, seems to have disappeared. The 5% debentures of 1946 are callable at 105 and interest until 1936 and thereafter at par and interest plus ¼% for each unexpired six months' period. Although not secured by a mortgage, they are entitled to a very high investment rating.

Electric Storage Battery

Revival in Sight?



Increasing Diversification of Business Offsetting Competition from Electrified Radios — Financial Position Strong

By JEROME BARKLEY

FURNISHING all the storage batteries used by Dodge Bros., Inc., more than three-quarters of those used by all the divisions of General Motors Corporation and more than one-half of those used by Ford as well as at least a part of the requirements of many other makers of cars Electric Storage Battery Co. is one of the leading factors in the industry.

The present contract with General Motors has two and one-half years to run, or until 1931, and this business should gain in direct relation to any increases in the output of cars and lighting systems by that great corporation. Electric Storage Battery has supplied batteries to the Ford Company ever since that company began to use them. Prospects for increased business from this particular source are very bright inasmuch as the Ford Company has recently discontinued the manufacture of batteries on its own account and Electric Storage Battery has acquired a substantial part of the machinery and tools formerly used by them and increasing shipments to Ford from this time on are anticipated.

Owns Valuable Patents

The entire capital stock of Willard Storage Battery Co., of Cleveland, Ohio, is owned, also a controlling interest in the Chloride Electrical Storage Co., Ltd., of England. Valuable patents covering the manufacture of storage batteries in this country and in Canada are controlled, and the right to manufacture in these two countries under foreign patents.

While it is true that both sales and net profits showed some decline in 1926 and 1927 from the peak reached in 1925, due in large measure to the increasing use of non-battery radio sets, the shut-down in Ford production and the inactivity in the railroad equipment business, this decline should not be accepted as indicating a permanent trend toward smaller business.

Some of the adverse factors have already been overcome. The company has developed several power units—with batteries eliminated—for servicing radios to meet the changed conditions in that trade while automobile production this year is showing substantial gains over 1927. The revival of the Ford Business should have a particularly stimulating effect.

Interesting New Uses

Although a very large part of the output of storage batteries still goes into automobiles there has been considerable diversification in the business during recent years. There is a growing business in the production of batteries for use in the operation of telephone and telegraph systems, mine engines, switching engines, submarines, lighting systems and many other purposes. Many great central station power plants are now being equipped with very large storage batteries which can be turned on in case of emergency while repairs are being made to generating units. High powered storage batteries are also used now in electric switching engines which are also equipped with generators, the storage battery being turned on to help in handling extra heavy loads.

The company's main plants are located at Philadelphia and at Crescentville, Pennsylvania, with new developments at San Francisco, California, and Indianapolis, Indiana. Plants of subsidiary companies are at Cleveland, Ohio, and Manchester, England. A liberal policy of plant depreciation has been followed for years and all fixed investments are carried at very conservative valuations for balance sheet purposes.

There is no funded debt and only a negligible amount — $31,400 — of preferred stocks ranks ahead of the 805,181 no par value common shares. The financial statement at the end of 1927 showed that the company was in excellent financial condition, having more than $12,500,000 in cash and marketable securities while total current assets of $28,801,000 compared with current liabilities of only $1,608,000, showing net working capital of over $27,000,000. Surplus at the end of the year was $22,206,000, or in excess of the common stock liability figure, and a sizable stock dividend would be easily possible.

Satisfactory Outlook

The able management of the company was well demonstrated in 1927 when gross sales of $45,640,291 showed a decline of $8,558,859, or 15.75%, from $54,199,150 in 1926 but the balance available for dividends showed a decline of only $177,354, or 3.6%. Per share earnings in 1927 amounted to $7.08 on the common stock as compared with $7.33 in 1926. The best year in the history of the company was 1925 when $9.39 per share was earned for the common stock.

While it is not the practice of the company to issue any financial statements except the annual report earnings for the first half of 1928, both gross and net, are understood to be well above the corresponding figures for 1927 and the outlook for the second half of the year is very good.

Dividends have been paid in varying amounts in each of the last 27 years. The present regular dividend basis of $5.00 per share annually became effective at the beginning of 1926, following regular quarterly payments of $1.00 per share from 1923. Extras of $0.75 were paid in 1923 followed by $1.00 in 1924, 1925 and 1926.

During 1927 the stock sold on the New York Stock Exchange from a low of 63½ to a high of 80⅞, with a range to date in 1928 of from 69 to 84⅞. At the current price of around 78 the yield is almost 6½%.

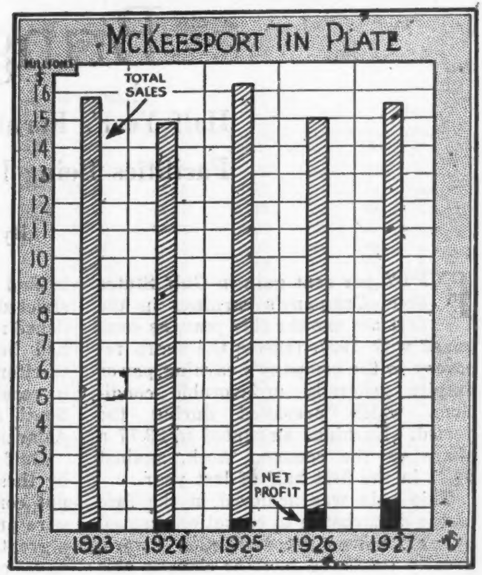
The company is in a very strong competitive and financial position and in view of the prospect for an increase in earnings during the year the stock at present levels appears attractive for income purposes and may well show a moderate gain in market price within a reasonable period of time.

McKeesport Tin Plate Company

Largest Tin Plate Producer

Newcomer to Stock Exchange Possesses Interesting Possibilities in View of Strength of Canning Industry

By F. R. YOUNG



ALTHOUGH actively engaged in business for a quarter of a century McKeesport Tin Plate Company stock is a newcomer of the lists of the New York Stock Exchange. Annual production is about 4,000,000 boxes (100 pounds each) of plate, this being about 10% of the national output and makes the company the largest single producer in the country.

Organized as a holding company the corporation operates 44 mills, the plant covering about 28 acres of ground located near McKeesport, Penn. The plant, real estate and equipment, were independently appraised in 1926 at $12,000,000 and capital expenditures since that date have amounted to more than $2,000,000 additional, but as of December 31, 1927, this property was given a balance sheet valuation of only $9,700,520, after a depreciation charge of $7,270,050. These figures illustrate the conservative accounting policies characteristic of the company. The plant is thoroughly modern and is equipped with facilities for economical manufacturing.

Simple Capital Structure

Present capitalization consists solely of 300,000 shares of no par value common stock—some 100,000 shares of which were publicly offered at $60.00 per share late in 1927 providing funds with which to retire a $6,000,000 bond issue then outstanding. The remaining stock was exchanged on a two for one basis for the former stock—97,942 shares of $100 par value.

When operations were begun in 1903 the paid in capital is said to have amounted to only about $275,000 and total capital paid in prior to the recent sale of stock amounted to considerably less than $1,000,000. The latest balance sheet shows total resources now amounting to nearly $17,000,000 showing the development of the business through earnings. Giving effect to the recent financing current assets amounted to more than $5,500,000 and current liabilities to about $1,000,000 givig a ratio of better than 5½ to 1 with a net working capital of more than $4,500,000. Cash of $1,071,000 alone was greater than all current liabilities.

Operations have resulted in profits in every year during the last twenty or more years, a record of unusual stability for an industrial company. The substantial character of these earnings is shown by the fact that more than $7,000,000 was paid out in cash dividends on the company's common stock during the eight years ended December 31, 1927—an average of nearly $1,000,000 per year—and during the same years large sums were used in upbuilding the property. The present dividend rate of $4.00 annually on the new stock calls for disbursements of $1,200,000 annually.

The first dividend was paid in 1905 and the record has been unbroken since. During the period, total cash payments have amounted to more than $11,000,000 with stock dividends, taken at par, adding another $8,500,000.

Based on balance sheet of December 31, 1927, total book value applicable to the 300,000 shares of no par value common stock amounted to $9,670,686, or about $32.24 per share. The wisdom of making large expenditures from earnings to bring the plant and equipment up to the present high state of efficiency is shown by comparing results for 1927 with those of 1925. Though sales decreased by more than half a million dollars, net profits were nearly three times as great, and the gain was due solely to manufacturing economies.

Canning Prospects Favorable

McKeesport Tin Plate is, of course, very closely allied to the canning industry, which, it is scarcely necessary to point out, has developed very rapidly in recent years and which does not yet appear to have reached its peak. Though the year 1927 was not a favorable one for the canning industry and total sales of McKeesport increased only from $15,008,056 to $15,563,105, a gain of less than 4%, net income increased more than 14% or from $999,741 to $1,205,920.

During recent months much has been said with reference to the excellent prospects for the canning industry during the current year and as the season progresses these favorable forecasts appear to be fully realized, and it follows that business and profits of McKeesport are almost certain to reflect this improvement. Plants are now reported to be operating at full capacity and the official earnings report just published shows net for the six months ended June 30, 1928, after depreciation, federal taxes, etc., amounting to $825,794, equivalent to $2.84 per share of stock as compared with $5.29 for the full year 1927.

This showing is most satisfactory in view of the fact that due to the seasonal character of the business the first quarter is normally the poorest of the year and the outlook for the rest of the year indicates that the company is likely to have one of the most successful years in its history.

Quarterly dividends of $1.00 per share are being paid on the new stock and are being earned by so good a margin that rumors have been heard that the rate may be increased or an extra paid during the current year. Listed for the first time in May of this year the stock first sold around $66.00 per share followed by a rise to 72¼ and a subsequent decline to 62½. This decline was in turn followed by a quick recovery to the present level of about 68 at which the yield is almost 6%.

One of the important factors making for the success of the company is the fact that the management is still largely in the hands of the same men who have built up the business from its beginning. *In view of its strong current position and with the outlook both for the industry and the company so favorable it seems that this stock warrants favorable consideration for investment purposes when obtainable at present prices.*

Gulf States Steel Company

Reconstruction Program Bringing Results

Half Year's Earnings Show Sharp Increase—Physical Facilities Being Improved— Outlook for the Shares

By NEWTON R. CALLEY

FIFTY per cent gain in Gulf States Steel Company's earnings in the first six months this year, as compared with 1927, reflects the sharp recovery in the company's earning power despite generally unfavorable conditions which prevailed during the period. Earnings amounted to $3.77 a share on the common stock, against $2.41 in the first half of last year.

This gain was achieved in the face of the disturbance to operations caused by extensive reconstruction work, greatly increased interest charges this year due to the bond issue sold in June, 1927, and only a mediocre steel market. The company's showing is made the more conspicuous by the fact that most steel companies reported smaller earnings this year than last.

The gain in Gulf States' earnings may be ascribed, at least in part, to the benefits being derived from the greater diversity of products which the company now manufactures and from the considerable economies in operation which have been put into effect. Thus the company has been able to meet more effectively the stiff competition from domestic and foreign producers which was cutting into sales and, more especially, into the margin of profit.

Company's Record

Keener competition began to be felt in 1925. Prior to that year and following the 1921 depression in the steel industry Gulf States had enjoyed remarkable prosperity. In 1923, when more than $12 a share was earned on the common stock, dividends had been resumed at the rate of $4 annually. This was raised to a $5 basis in the following year and a stock dividend on the common stock was paid early in 1925. About this time, however, the company began to find that its markets were being restricted. Domestic producers established mills in parts of the South which had been Gulf States' natural sales territory. Foreign steel was shipped in increasing quantities to Central and South America and to points along the Atlantic and Gulf coasts.

Gulf States Steel was handicapped by these developments because its output consisted too largely of wire and wire products. If it had manufactured a greater diversity of products it would have been able to cultivate its sales territory more intensively. Steps were gradually taken to rectify this situation through construction of additional facilities. Progress already has been made, and a substantial increase recorded last year in the volume of bars and shapes shipped to consumers. Greater diversity of manufactured products not only should help the company to extend its market, but it should also tend to stabilize earnings.

Reconstruction Program

The lack of modernization in many of the company's production departments was also a factor in weakening its position under the pressure of growing competition. In working out a comprehensive plan for bringing its plant thoroughly up to date the company went slowly. These plans naturally tied in to a considerable extent with the plans for diversifying output. In the latter part of last year an extensive reconstruction program was started which contemplated a total expenditure approaching $5,000,000. Economies were to be introduced in the mining of coal and ore through the greater use of mining machinery and electrical mining tools; and iron making and steel making facilities enlarged and modernized through the introduction of labor saving devices. Finishing mills were to be electrified and finished steel capacity enlarged and further diversified. Progress has been made on this rehabilitation program and it is likely that the bulk of the work will be completed this year.

Prior to the time of the financing to raise funds for these capital expenditures, Gulf States Steel had one of the simplest capital structures among steel companies. No funded debt was outstanding except $490,000 of coal land purchase notes, and ahead of the 125,000 shares of common stock were only 20,000 of 7% preferred stock. A $4,000,000 bond issue was sold in June, 1927, the proceeds of which were used to buy up the coal land purchase notes and to provide funds for the reconstruction program. At the end of last year the sinking fund had already begun to function so that the funded debt stood at $3,875,000. In addition to the cash obtained from the bond issue, the company is now able to divert a large part of current earn-

Gulf States Steel Co.

Record of past ten years:

Year	Gross Sales	Gross Profits	Net Income Available for Stocks	Earned per Share on Common
1918	$11,206,468	$1,725,850	$1,191,662	$9.29
1919	8,405,788	645,062	279,422	1.20
1920	11,439,627	1,153,089	751,220	5.44
1921	4,820,639	def. 242,922	def 591,916	...
1922	7,801,135	1,406,083	958,208	7.29
1923	10,943,424	2,169,863	1,576,521	12.79
1924	9,403,214	1,493,972	979,315	7.48
1925	10,417,965	1,571,441	1,036,778	7.17
1926	9,507,132	1,244,762	799,793	5.28
1927	9,733,305	1,460,359	756,403	4.93

Earned per share on common quarterly for past two and a half years:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
1926	$1.77	$1.00	$0.91	$1.60
1927	1.62	0.79	0.92	1.60
1928	2.42	1.35	...	...

ings to defray expenses in connection with plant extension, since no dividends are being paid on the common stock.

So far the expansion program can be regarded as having been highly successful. Ordinarily a construction program has a temporarily retarding effect upon the earnings of a steel company; the routine of production is interfered with, various pieces of equipment must be laid up for varying lengths of time, and new processes require a certain period of time before a normal level of efficiency can be expected to prevail. Another important factor is the increased depreciation charges necessary; the scrapping of old equipment naturally involves a higher depreciation rate than when business is going on as usual. In the case of Gulf States Steel, depreciation charges were raised 50% in 1927, from a $300,000 annual rate to $450,000, and this increased charge must be considered when comparison is being made with earnings prior to last year.

When these factors are taken into consideration the company's excellent showing in the first six months this year seems impressive. In making a comparison with last year it should be remembered that bond interest had to be paid during the first six months whereas it was payable only in June last year since the bond issue was not sold until June 1. Furthermore, the great majority of steel companies reported smaller earnings this year due in large measure to the somewhat lower level of steel prices.

Gulf States enjoys the advantage of practically "sitting" upon its coal and ore supplies. Its manufacturing facilities closely adjoin its coal and ore lands in Albama, and this makes handling costs very low for the company. Furthermore, these handling costs should be considerably reduced through the more modern mining methods which the company is introducing. Its coal and ore resources are extensive, an asset of great importance to a steel company.

The record of the company since it started its reconstruction program has been one to engender confidence. Operating under production handicaps, with a higher interest charge and a higher depreciation rate, and with a steel market which cannot be called more than fairly satisfactory, the company has achieved an increase in earnings of 50% in the first six months this year over the corresponding period last year. When the full effects of the improvement program are realized, it seems reasonable to suppose that the company will be able to develop a considerably higher earning power. If earnings in the second half of 1928 are the same as in the first half, the full year's earnings would be $7.54 a share on the common stock. Last year the second half was the better of the two, and there is good reason to expect the same to be the case this year. *The stock appears attractive as a speculation at current prices of between 60-65.*

Preferred Stock Guide

NOTE: The following list of preferred stocks has been arranged solely on the basis of current yields. The position of any stock in the Guide is not intended as an indication of its relative investment merit. Readers should observe a proper diversification of commitments in making their selections from this list.

Railroads

	Div. Rate $ per Share	Earned $ per Share 1925	1926	1927	Redeemable	Recent Price	Yield %
Norfolk & Western	4 (N)	115.54	160.35	133.40	No	87	4.6
Atchison, Top. & S. Fe	5 (N)	87.17	48.83	40.47	No	104	4.8
Union Pacific	4 (N)	38.41	41.17	39.35	No	84	4.8
Southern Railway	5 (N)	37.63	39.33	36.17	100	100	5.0
Baltimore & Ohio	4 (N)	35.33	48.41	38.44	No	79	5.1
Colorado & Southern 1st	4 (N)	43.18	52.56	57.76	No	78	5.1
Pere Marquette Prior	5 (C)	57.50	68.77	64.08	100	98	5.1
Wabash "A"	5 (N)	11.48	11.86	6.87	110	93	5.4
Colorado & Southern 2nd	4 (N)	39.13	48.50	53.76	No.	74	5.4
N. Y., Chicago & St. Louis	6 (C)	24.91	24.65	20.31	110	108	5.6
St. Louis Southwestern	5 (N)	11.96	12.09	9.30	No	89	5.6
Kansas City Southern	4 (N)	10.06	10.86	9.04	No	68	5.9
Chic., Rock Is. & Pac. 2nd	6 (†)	12.23	20.57	22.49	102	102	5.9
N. Y., New Haven & Hart.	7 (C)	....	....	22.05	115	113	6.2
St. Louis, San Francisco	6 (N)	102.65	108.19	107.70	100	97	6.2

Public Utilities

	Div. Rate $ per Share	Earned $ per Share 1925	1926	1927	Redeemable	Recent Price	Yield %
Public Service of New Jersey	8 (C)	§19.66	§21.46	§16.28	No	144	5.5
Hudson & Man. R. R. Conv.	5 (N)	34.12	40.32	40.70	No	91	5.5
North American Co.	3 (C)	21.91	28.95	31.73	55	54	5.6
Federal Light & Traction	6 (C)	33.02	41.51	39.67	110	103	5.8
Columbia Gas & Electric	6 (C)	....	27.81	25.42	110	108	5.6
Philadelphia Co.	3 (C)	23.53	24.20	28.28	No	53	5.7
Amer. Water Works & El.	6 (C)	....	22.63	24.30	110	102	5.9
Standard Gas & Electric	4 (C)	14.00	20.00	16.20	No	67	6.0
West Penn Electric	7 (C)	16.15	20.81	23.10	115	110	6.4
Continental Gas & Elec. Prior	7 (C)	22.26	26.23	32.71	110	107	6.5
Electric Power & Light	7 (C)	9.72	13.83	16.21	110	107	6.5

Industrials

	Div. Rate $ per Share	Earned $ per Share 1925	1926	1927	Redeemable	Recent Price	Yield %
International Harvester	7 (C)	32.11	36.74	35.71	No	142	4.9
American Smelting & Ref.	7 (C)	30.88	35.52	30.96	No	135	5.2
McCrory Stores	6 (C)	45.97	47.82	52.42	110	115	5.2
Studebaker Corp.	7 (C)	208.13	173.89	160.79	125	127	5.4
General Motors	7 (C)	101.78	167.17	182.15	125	125	5.6
Case (J. I.) Thresh. Mach.	7 (C)	21.49	29.39	38.43	No	125	5.6
U. S. Cast Iron Pipe	7 (C)	45.84	42.08	28.12	No	124	5.6
Endicott Johnson	7 (C)	44.57	34.77	48.10	125	125	5.6
Pillsbury Flour Mills	6½ (C)	....	*20.19	*44.90	110	116	5.6
International Silver	7 (C)	16.08	24.39	30.82	No	123	5.7
Deere & Co.	7 (C)	13.68	23.22	25.74	No	124	5.7
Brown Shoe	7 (C)	45.23	29.69	44.12	120	120	5.8
Mathieson Alkali Works	7 (C)	58.60	67.86	74.06	No	123	5.6
Associated Dry Goods 1st	6 (C)	29.92	27.67	24.10	No	104	5.8
U. S. Industrial Alcohol	7 (C)	33.98	16.27	36.03	125	120	5.8
Baldwin Locomotive	7 (C)	0.98	29.42	12.21	125	118	5.9
American Cyanamid	6 (C)	*20.53	*29.53	*24.24	120	102	5.9
Bethlehem Steel Corp.	7 (C)	26.64	20.84	16.32	No	117	6.0
Bush Terminal Buildings	7 (C)	‡	‡	‡	120	115	6.1
Devoe & Raynolds 1st	7 (C)	87.29	49.70	53.23	115	115	6.1
Radio Corporation	3.5 (C)	10.31	13.86	20.02	55	56	6.2
Mid-Continent Petroleum	7 (C)	106.48	133.61	52.40	120	112	6.3
Goodrich (B. F.) Co.	7 (C)	51.57	13.96	39.19	125	113	6.2
Central Alloy Steel	7 (C)	....	35.11	27.26	110	110	6.4
Bush Terminal Debentures	7 (C)	16.01	16.81	18.88	115	109	6.4
General American Tank Car.	7 (C)	24.09	27.95	37.68	110	110	6.4
U. S. Smelting, Ref. Mng.	3.5 (C)	5.97	6.25	6.28	No	53	6.6
Victor Talking Machine	7 (C)	nil	38.44	35.00	115	108	6.5
International Paper	7 (C)	12.58	11.31	7.42	115	101	6.9
Goodyear Tire & Rubber	7 (C)	....	11.83	18.80	110	95	7.4

C—Cumulative. N—Non-cumulative. † Cumulative up to 5%. § Earned on all pfd. stocks. * Years ended June 30. ‡ Guaranteed unconditionally by Bush Terminal Co.

EDITORIAL PAGE

This department is the contribution of The Magazine of Wall Street to the financial education of the nation's present and future investors and business executives.

Through this medium we extend to our subscribers an opportunity to assist us in spreading the doctrine of safe and sound investment by using these pages as a practical guide to financial success in their own homes and offices.

How Many Bargains Are Real?

MOST all of us are inherently bargain hunters, particularly in the sense that we desire the greatest possible material return for our expenditures. It is altogether natural to seek the maximum of actual value for the lowest price, and no criticism of the policy can be advanced so long as true worth can be readily recognized. Where it is not determinable, however, the bargain falls at once into the category of a gamble. This is as true of the bargain-priced securities of the company which discloses little or no information as to its affairs, its earnings, financial position and record as it is of a can of paint or bargain counter shirts. In short, the old phrase, *caveat emptor* (let the buyer beware), truly applies to the bargain.

A prominent credit company, doing a large business in the financing of deferred purchases of automobiles, recently advanced the sage counsel to motor car dealers at large: "The values you put on the cars of your customers which you take in exchange, give the public its line on the true worth of the car which you are selling." In other words, too liberal an allowance, too generous a discount, or too low a price, whether in the case of automobiles or any other article or commodity is indicative of a pressing urge to sell. Perhaps the buyer may profit handsomely in value received from such a situation. Frequently he does; but certainly any marked concessions should automatically subject intrinsic value to extra scrutiny.

It may well be that the article offered for sale has unusual merit and is sold at a small profit, or even at no profit at all, to attract trade. This is commonly the case in retail store "leaders." Again, it may be that low prices indicate the necessity of disposing of heavy stocks of merchandise. "Distressed" lots of commodities, representing uncomfortably large holdings in some dealers hands are common to many markets. Excessive competition may force prices to bargain levels, as exemplified in the automobile industry today. Aside from these factors, however, a reduced price may mean that the original price was too high to attract public interest and in response to the laws of supply and demand must come down. It is for the buyer to go behind the bargain as thoroughly as possible and to determine whether actual worth is represented by the price. If he does his work properly, it is quite possible he will find genuine bargains but he won't find them unless he does look hard for them.

"Intelligent Use of Present Income Will Assure Financial Independence."

Metamorphosis of a Successful Investor

Careful and Thorough Investigation Before Purchasing Keynote of This Successful Record

By E. HARVE PARTRIDGE

THE problem of learning to invest without losing one's initial capital is one which confronts almost every investor who is ready to graduate from the savings bank stage. Experience is conceded to be the best teacher but it avails a novice little if he loses his funds in acquiring it.

In the last ten years I have made many investments in a score of different fields and in the belief that my experiences may be of value to some beginners, I shall explain some of the things I have learned—some of them at expense of mental comfort and others to my financial detriment.

The First Step

My first step from the savings bank where I had kept an account since my first year in grade school was an investment in real estate. The venture was successful and I netted a nice little sum. The property I bought was in my own community and I felt I knew what it was worth and that it was a bargain. Still feeling my way cautiously, I studied investments with an idea of buying something safe and yet with price appreciation possibilities. Liberty bonds were my choice. They were sold at a profit. Then followed the first venture into relatively unknown fields. Local improvement district bonds attracted me for they were selling at $90 for 6% bonds. Bankers and others advised me against them but the yield looked good and I didn't intend to move in blindly.

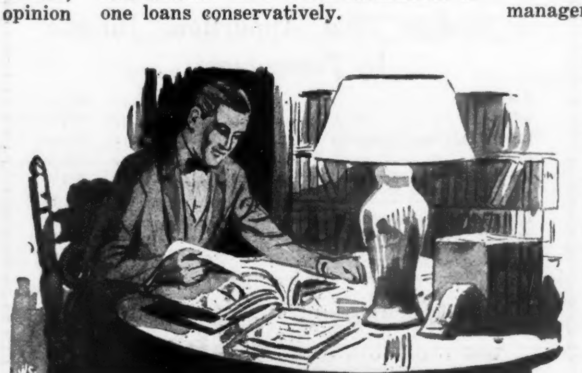
First I went to the city treasurer, whom I knew, and inquired his opinion on the safety of the bonds. His report was favorable. He explained the working of a guarantee fund through which city heads could levy a general assessment of one-half mill annually to maintain the fund and insure payment of the bonds on which there were defaults. I studied the state and city statutes relative to guarantee funds to make sure of permanence.

I tentatively selected districts which appeared best, and let contractors who were paid for their work in the bonds know I was in the market for first class issues. Taking their best offers, I went to the district, looked it over to see what primarily was behind each bond. Some possibilities were thus eliminated. On those which survived I checked to see if there were outstanding city or county taxes against any piece of property in the improvement district and rejected all but those with perfect showings.

Only three districts went through my thorough but amateur's inquisition and I bought $4,000 worth, par value, of improvement bonds. All were paid up and called or were sold at par in from six months to two years, netting me a substantial bonus in addition to the 6% on par. My experience in learning how to investigate was as valuable as the addition to my capital—perhaps more.

My next step was in the building bond field. I bought from a reliable dealer but after keeping the embossed paper for a year sold it without profit or loss. I wasn't satisfied with it because I had no opportunity of determining personally what was behind the bond on a building in a distant city.

Real estate contracts and mortgages were the next field for me. In this line one thing stands out prominently for me: That it is more economical to hire a good lawyer at a nominal fee to inspect titles than to clear them up afterward. I found that out—for $150 in cash. Discounts make these forms of investment yield good returns but they lack one investor's essential—marketability. They are all right for a limited amount as a fixed investment if one loans conservatively.



Purchase of preferred and common stocks were successive steps. This, to me, is the most fertile field of all for study. Before making my first buy I studied reliable publications, including THE MAGAZINE OF WALL STREET, obtained a book on market movements, another on statement analysis of corporations, and supplemented these with records showing past history of individual stocks.

Small Lot Experiments

Perhaps that seems like much trouble for comparatively small profits but it's the only way the small investor and amateur can get his understanding. I bought small blocks of stocks on different exchange lists, thus learning how different ones do business.

I bought cautiously and netted reasonably well. One of my first decisions was to use my own judgment after my study convinced me I was right. Personal advice, I found, is given free in many instances, and is often worth just what it costs. Tips go in one ear and out another without leaving an impression. Had I followed solely the advice of my banker I should have bought bonds only and my profits would not have been as great by several hundred dollars as they have been.

In the case of a small life insurance company stock, a banker advised me to let it alone. I found its capital shares were selling $7 below the market average of companies of similar size. I checked its statement again, inquired about the value of its investments, its management's capability and other points and bought. Within a year I had a 60% price appreciation.

Public utility shares have proved a profitable field for me, both preferred and common stocks having afforded me profits. There is as much study connected with getting to the bottom of utility values as in any line of which I have become more or less familiar.

For ten years I have studied many channels of investment and only in the last three or four have realized how little (*Please turn to page* 716)

Guaranteeing Thrift Results by Using a Workable Budget

How to Plan a Budget That Will Fit the Income

By RAYMOND D. VILLARD

The author of this article goes right to the heart of most budgeting difficulties, first by planning a budget that will work, and second, by refusing thereafter to make any compromises. Both elements are essential for success. The method the writer favors for investing his savings raises an interesting point, and further discussion of this phase of the problem from other readers' experience will be welcomed.

FINANCIAL independence! What a tempting goal and what a multiplicity of paths are followed in the endless endeavor of mankind to attain it. How envious we are of the one who arrives; and how many times we attribute his success to good luck. No one, however, seems able to satisfactorily define good luck; unless perhaps he has studied the facts of a given case and therein discovered, much to his amazement, that what he thought was good luck was actually hard work.

How frequently we hear someone say, "It is impossible to save," "I wish I could operate a budget." These complaints usually come from those who have only a vague conception of what Financial Independence actually is. For it is possible to save, and the good things of life may be had by all if the will is but strong enough.

In my plan of operation the budget holds first place. The operation of a budget is simple. It can be successful. The success or failure of it depends upon its creation. If a budget is planned upon the basis of what one *hopes* to do, it is bound to be a failure. If it is planned upon the basis of what one *will* do, it is equally sure of success.

Perhaps too many budgets are started without sufficient thought and planning; put in operation without complete understanding: and operated with the idea that a budget is a panacea for all ills and as such will function automatically. This is not the case. A budget should be constructed as carefully as a new home, on plans and specifications carefully worked out and supervised by an "architect" whose every thought is the successful completion of the whole.

There are many plans and schemes for budgeting and budget operation, and no claim is made that the following plan is the best or even one of the best. It is submitted merely as a plan which is simple, easily operated, and has been successful.

The first consideration in formulating the budget plan is the material with which we have to build, in other words our income. If the total annual income is used as the base and then divided into months or weeks, depending upon the pay day, the computation of details will be much easier. Whether the income is received weekly or monthly would also influence the subdivision.

Study your requirements as carefully as possible with what facts you have at hand. If you have past experiences as to how much is required for food, clothing and the other items, so much the better. Work out the amount to be expended in each classification as accurately as possible. And, of course, the total of all expenditures must be within the income total. The item which must not be overlooked is savings. The relative amount to be saved rests entirely with the budget maker. The speed with which Financial Independence is attained is, however, dependent upon the amount saved. A reasonable measure for savings, which may be increased if desired, would seem to be not less than 10% of the total income. Perhaps the accompanying table may be of assistance in determining the relationship of each item to the total income.

This is only suggested as a possibility and may be varied as necessary to meet the requirements of any particular budget or circumstance. The two points to be emphasized, however, are first that the plan as finally completed must take care of all known expenditures, and second it must include the item of savings. The larger this latter item of savings is the more quickly the ultimate goal is reached.

The plan having been worked out, inspected, discussed and accepted, must then be put in operation. A word of warning at this point is in order. A budget will not operate itself. It will not be successful unless made to function. To make a budget function requires the exercise of will. These being pertinent facts it would be well when starting the plan to say, "We *will* make it work."

A method of operation which is successful and reasonably simple is to open a commercial or checking account in a convenient bank. Deposit the weekly or

A Budget That Apportions Income by Percentages

Rent	12½%
Food	7½%
Heat, Light and Telephone	5½%
Clothing	2¾%
Health (Medical Service, Dentist, etc.)	2¼%
Education	14 %
Life Insurance	4½%
Savings	28 %
Sundry	3½%
Gifts, etc.	2 %
Taxes	3½%
Vacations and Entertainment	14 %
Total	100 %

monthly pay check or envelope in the bank in total. Then withdraw only according to the budget plan and only for budget purposes.

An expense book can be obtained at any stationers. Write in the headings of the columns according to the items in your budget. Enter also in the heading the amount in dollars and cents applicable per week or per month to each item. Enter expenditures as made in each classification in the proper column and keep careful watch to see that the budget is not exceeded. When the appropriation in any given classification is expended, stop.

Applied Will Power

To illustrate, we will take the item of food. It is, of course, inconvenient to draw a check for every food purchase. To obviate this inconvenience and also to prevent an excess expenditure, the following plan is suggested. The budget unit is presumed to be on a weekly basis. Therefore, each Monday morning a check is drawn and cashed for the exact amount of the food allowance. The amount of this check is entered in the budget book and the cash is used during the week for food purchases. When the cash nears exhaustion food purchases must be made with thrift and ingenuity until it is time to replenish the food fund again. That is where the will power is necessary. It will be found that poor planning of expenditure may perhaps threaten a famine the first week, but, profiting by experience, the second week will be better and soon there is never a difficulty experienced even when the unexpected guest arrives. It is simply a case of making the budget function.

If the outlined plan is followed and we do not exceed our planned amounts, we soon find that the balance in our checking account is increasing. This is so for two reasons. First, our rent, heat, life insurance, telephone, and other items are paid monthly, and second, no disposition has been made of our savings. In other words, we are accumulating the small amounts for larger things. At the end of the month we have money in the bank to pay the rent. When fuel is to be bought the funds are at hand to pay for it, and our savings are accumulating.

The fund thus accumulated as savings in our checking account is idle, however, and must be invested. A method I have found convenient for savings is the Co-operative Bank or the Building and Loan Association. This avenue is open to all, has a methodical regularity about it and imposes a penalty if deposits are not made. My suggestion is to take shares in a Co-operative Bank to the amount of your savings. The shares are one dollar per month, payable on a stated day, so the transfer can be made regularly from the checking account to the Co-operative Bank. In about twelve years the shares will mature. In other words, the deposits plus interest compounded will equal $200 per share. The amount of these matured shares may be withdrawn or the shares may be left with the bank at interest. The matured shares represent a sound investment, do not fluctuate in value, and pay a fair return.

It will be found that many times the food appropriation for a given week will not be entirely used. Any excess should not be carried forward to the next week but should be deposited in a savings bank, and represents extra savings above the budget. The same method of saving the excess should be applied to all budget items. The interest on savings deposits credited by the bank should not be withdrawn but should be left to accumulate. It will soon be found that a substantial amount has been saved through this unexpected method, and as this is what may well be called "velvet," the following plan is suggested.

Investing in Bonds

The bank wherein your checking account is located will loan you at least eighty per cent of the market value of a good bond. There are frequent market opportunities to buy bonds when perhaps you will have accumulated only a small amount in the savings account. Or you may have accumulated a fair nest egg in the savings account when the opportunity to purchase a bond presents itself. Use the savings account for the purchase. Borrow, if necessary, using the bond as collateral and deposit any excess of interest received from the security over interest paid on your loan in the savings account. Pay for the security in full through the savings account before you purchase another. When the first bond is paid for, just repeat. Deposit the interest and make your first bond help pay for the second, and so on. In other words, having accumulated a few dollars, make them work for you. It is a comparatively easy matter to find good sound investments for this purpose as a larger number are listed in every issue of THE MAGAZINE OF WALL STREET.

The first few dollars are the most elusive. Once get them in hand and the rest is just constant application of your plan. The accumulation grows

(*Please turn to page* 717)

BYFI'S INVESTMENT SUGGESTIONS

These investment recommendations are now a regular feature for the guidance of BYFI readers. With the original selection of each issue, safety of principal has been a foremost consideration. Each issue is watched continuously, and will be replaced at any time it may become unfit for retention. Such changes will, of course, be brought to the reader's attention, if and when they occur.

THE FIRST $500

	Approximate Price	Yield to Maturity
Savings banks accounts are recommended for deposits of regular savings, to yield	...	4 to 4½%
Shares of well managed Building & Loan Assn. are recommended on the monthly payment plan	...	5 to 6%
Endowment Insurance is a suitable medium for the investor and yields a return of	...	3 to 3½%
*Laclede Gas Light 1st and ref. 5½s, 1953	104	5.16%

THE NEXT $1,000

	Approximate Price	Yield to Maturity
†International Mercantile Marine 1st & Coll. 6s, 1941	103	5.67%
*Montreal Tramway gen. & ref. 5s, 1955	99	5.07%
‡N. Y. Steam Corp. 6s, 1947	106½	5.45%
†Western Pacific 1st 5s, 1946	98	5.17%

$5,000 FOR INVESTMENT

	Approximate Price	Yield to Maturity
Cuba R. R. 1st 5s, 1952	97	5.28%
Schulco Co., Inc., Guar. Ser. "B" 6½s, 1946	104	6.13%
U. S. Rubber 1st 5s, 1947	87	6.22%
West Penn Electric $7 Pfd	111	6.30%
U. S. Smelting & Ref. $3½ Pfd	53	6.60%
American Sugar Refining $7 Pfd	107	6.50%

THE NEXT $5,000

	Approximate Price	Yield to Maturity
Seaboard Air Line 1st Cons. 6s, 1945	79	8.57%
Nassau Electric 4s, 1951	59	7.94%
Western Maryland 1st 4s, 1952	81	5.42%
Brooklyn-Man. Tr. $6 Pfd	89	6.73%
International Paper, $7 Pfd	101	6.93%
‡American Tel. & Tel. common ($9)	175	5.10%

* Available in $100 units. † Available in $500 units. ‡ Recommended to hold only.

Life Insurance for Many Purposes

Solution of Others' Problems Affords Much of General Interest

By FLORENCE PROVOST CLARENDON

Insurance Editor:

Will you please advise me in the matter of taking insurance. I am a widow, 35 years old with a child of seven. I have a salary of $50 a week and no other special obligations.

Would you advise insurance, or should the same amount of money necessary for premiums be placed in the savings bank?

I would appreciate your advice as to the kind of policy and company advisable to deal with. F. A. M.

I have no hesitation in recommending that you take out life insurance for the benefit of your child in event of your untimely death, and in the happier case of your living on to enjoy three score years and more, to build up an old age income for yourself. You will remember, of course, that with the payment of the first premium on your life insurance, you immediately create an estate in the amount of the face of the policy. This is the reason that no other form of savings—however excellent—can take the place of life insurance.

You should, however, divert part of your income as well towards savings through other channels—savings bank account or well selected securities.

I would suggest that you consider the form of insurance "Endowment at 65," under which protection is made for a beneficiary over a long period of years, and on the insured attaining age 65, the proceeds are paid (in this case), to yourself. At your present age, 35, a policy for $5,000 on this form would require a premium of about $170 annually. But this is a participating premium, and is reducible by annual dividends. Indeed, you should make the amount larger than this—say $7,500.

At a slight additional cost—about $3.00 per $1,000—the Disability Benefit could be included in this policy, under which in event of your becoming totally and permanently disabled and unable to pursue a gainful occupation, all premiums on the policy would be waived, and you would enter on an annuity income of 1% per month of the face amount of the policy ($50 a month in the case of a $5,000 policy) during this disability. Irrespective of this annuity income granted on account of total and permanent disability, the *full face amount* of the policy would be payable to the beneficiary in event of your death prior to age 65, and to yourself if you lived to the maturity on the Endowment. The income would cease from the Disability Benefit on the maturity of the Endowment.

Is not this splendid coverage?

We have preferred not to give preferential advice regarding companies. In your own city there are a number of excellent Old Line life insurance companies, to any one of which you could with advantage apply for information and rates for this coverage.

Insurance Editor:

There are several questions in regard to life insurance which I would like to have answered:

1. If an insured person has children who are not named in his policies, is it wise to name them as contingent beneficiaries? Why?

2. How much insurance may a resident of Ohio carry without it being subject to the Federal inheritance tax, and the Ohio inheritance tax?

3. How would you suggest that I improve my insurance protection taking into consideration that I have the following policies:

$2,000 20 payment (now paid up)
3,000 20 payment (almost paid up)
7,500 straight life (11 years paid)
10,000 endowment at 60 (7 years paid)
10,000 straight life (3 years paid)
10,000 combination life, health and accident (3 years paid)

I am 41 years of age. All of the above policies are payable in full amount on my death and on none of them have I exercised the option for monthly payments to my wife. Should I? W. J. E.

Answering your questions seriatim:

(1) It is usually desirable to name contingent beneficiaries for reasons which will quickly appeal to you. Your wife and you might both be killed in an automobile accident; or your deaths might take place so nearly together that the proceeds of the policies would not be paid in accordance with your own plans.

Having children to whom the proceeds of the policies would pass normally under the law the question is perhaps not of very serious moment. Yet, for clearness and definiteness of purpose, it would probably be well to name your wife as beneficiary, who failing—your surviving children.

(2) a. So far as the Federal tax is concerned there is a specific exemption of $40,000. It has not been clearly determined by decision of the courts as to whether or not a policy payable to a named beneficiary in excess of $40,000 would be taxable under the Federal laws.

b. Under Ohio laws, if the proceeds of life insurance policis are payable to the estate they are taxable. If payable to a specifically named beneficiary, or to a trustee for a specifically named beneficiary, they are not taxable.

(3) You have insurance in excess of $40,000, and as we are not familiar with your condition of life: your income, your saving funds and other investments, it is difficult to advise intelligently. If your income is less than $10,000 a year, I would be inclined to say that you have good protection. If you have a larger income, you could with advantage take out further insurance payable as an income to your wife. This income under the best plan would be payable for 20 years certain, and a contingent income in event of your wife's death should then go to your daughters.

It might also be desirable to effect a similar policy furnishing a monthly income to each of your daughters. Our reason for suggesting the daughters is is that however careful a parent may be, he cannot control the marriage affiliations of his children, and a young wife can be too easily influenced by her husband to *lend* the cash proceeds of a policy for business purposes; whereas an *income* may be very definite without the right of anticipation.

Insurance Editor:

Can you tell me of an insurance company that writes a policy that would make it possible for me to have them pay $20 a month to a person, give me a sick benefit, and something in case of my death to my beneficiary. I would appreciate any information you could give me. L. J. A.

Your letter omits some information which would be helpful in giving advice; as for instance, your age, and the manner in which the income of $20 per month to a person is to be paid.

Assuming that this income is designed for payment to a beneficiary *after your death,* you could apply for life insurance to any of the well known Old Line life companies for a policy of $5,000, and request that the proceeds, when a claim by death is made, be payable in the *form of income.* If this income is to be payable throughout the after lifetime of the beneficiary, the *exact* amount furnished by this $5,000 policy would depend upon the age of the beneficiary at the time the claim is payable; but the annuity income in such circumstances would range between $20 and $25 per month, according to the age.

Companies differ in their practice regarding the inclusion of the Disability Benefit in policies granted to women; but most companies writing this Benefit are willing to include it in policies written on the lives of self-supporting women. This Disability Benefit is operative in the event that the insured becomes *totally* and *permanently* disabled.

If your desire is for Sickness Insurance payable during temporary illness, then you should apply to companies writing Health and Accident Insurance along such lines.

If you are planning to pay $20 a month to some person *now* and that person is 60 years of age, or over, of course this could be done advantageously by taking out an immediate annuity on that person's life. For example, a life annuity of $20 per month for a man age 60, would require a purchase price of $2,602; for a woman the cost would be $2,920.

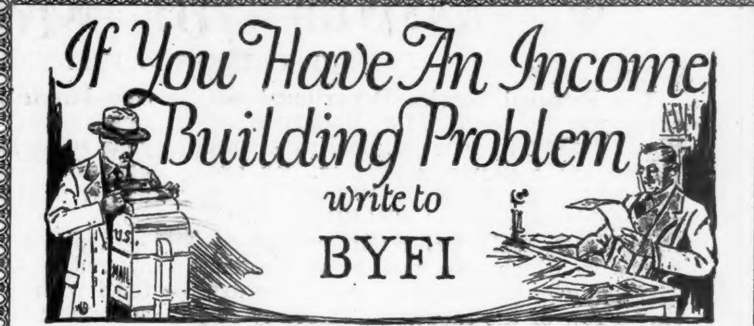
Insurance Editor:

I have been reading the life insurance section of BYFI and think that perhaps it would be well for one to carry some endowment insurance. I know very little about this subject and will appreciate your advice as to what form of policy would best suit my case. I am 36 years old, single, with no brothers or sisters. P. H. C.

Life insurance is one of the best modes of building up a thrift fund, because deposits in the form of premiums must be made regularly and, moreover, the usual notice of premium payment coming from the company prior to such due dates acts as a gentle compulsion in keeping up the good work of building the fund.

You could take out an Endowment policy with advantage, which would yield the proceeds to you at a given date, and in event of your dying prior to the maturity would be paid to a beneficiary. At your age the cost would be, approximately, $41.60 per $1,000 for a 20 Year Endowment policy (which would mature in your 56th year), or an annual premium of $27.35 for a policy of $1,000 on the 30 Year Endowment plan, which would yield its proceeds to you at age 61. You should try to plan to take a policy of $5,000.

(*Please turn to page* 716)



BYFI Editor:

During the Spring I had my first experience with the stock market through opening a margin account with a deposit of $2,000, and bought stocks on the advice of friends who seemed to have pretty good information. At the start I was successful, but when the market broke in June I lost all of my profits and most of my equity. I was called for margin and put up $1,000, and when I was called for margin again I sold some stock to avoid putting up any more money. If I closed out the account now I would lose more than half the money I put up and it would take a long time for me to make this loss up out of savings. I am single and have no dependents and can save about $100 a month. Before I do anything further I want your advice. Would you advise me to attempt to make up my losses and then put the money into bonds, or would you advise me to take my loss and use my current savings for something like Building & Loan shares? Awaiting your reply I am, very truly yours, H. S. F.

It requires a good real of moral courage to write off losses and start all over again, but that is what we would advise you to do. Obviously, you have the wrong start and for that reason it is all the harder for you to get set on the right path. This department has always been very frank in its attitude toward the purchase of speculative stocks on margin, as far as inexperienced investors in very moderate circumstances are concerned, and even though you are in a position to assume the risks involved, we hardly think that you are prepared for that step at this stage of your financial program. To attempt to get back your losses by margin trading, also involves the possibility of the loss of additional capital and continued speculative risks. With the $100 a month that you say you can devote to savings, we would suggest that you divide this saving into two parts. Use say, $50 a month for the purchase of Building & Loan shares on the monthly payment plan. The results will be very much slower but they are sure. When these shares mature in about 11½ years, they will be worth $10,000. With the balance of your savings we would suggest that you start an account in some savings bank, using this fund to accumulate sums of $500 or more for the purchase of good investment securities. Suitable investment stocks for this purpose are constantly recommended in this publication, or individual suggestions can be obtained through our Personal Service Department, after you have accumulated sufficient savings to use in this manner.

BYFI Editor:

I would like to obtain a mortgage on my home which was recently completed and has no encumbrances at present. Do Building & Loan associations lend first mortgage money on completed loans or only for construction of new homes? If I obtain the money in a lump sum must I pay it back in a lump sum or in monthly payments? Do the Building & Loan associations lend money to those who are not members? Thanking you for this information I am, very truly yours, T. R.

Building & Loan associations will lend money on first mortgage against homes already completed and accept payment in monthly installments, extending over a period of from ten to twelve years. They lend money only to members but invite any prospective borrower to take out a membership by purchasing a few shares. You can obtain this membership when you apply for the loan.

BYFI Editor:

I have a certificate for 25 shares of Marland Oil which is not registered in my name. Is it necessary for me to have this transferred, or can I avoid the tax by keeping the certificate in this form?—L. T., Detroit.

There is nothing to compel you to transfer the certificate you have except the satisfaction of having the shares registered in your own name. Dividend paying stocks should be registered, however, as there is frequently much difficulty in collecting the dividend from the last owner whose name appears on the books of the company and who would receive any dividends paid.

·SERVICE·SECTION·

ANSWERS TO INQUIRIES

SUBSCRIBERS—ATTENTION

The Personal Service Department enables you to adapt THE MAGAZINE OF WALL STREET to your personal problems. If you are a yearly subscriber, you are entitled to receive FREE OF CHARGE a reasonable number of PERSONAL REPLIES BY MAIL OR WIRE on any security in which you may be interested. The inquiries presented in each issue are only a few of the thousands currently received and replied to. The use of this personal inquiry service in conjunction with your subscription to the Magazine should help you to get hundreds or thousands of dollars of value from your $7.50 subscription.

Inquiries cannot be received or answered by telephone nor can personal interviews be granted. Inquiries from non-subscribers of course will not be answered.

CHICAGO, ROCK ISLAND & PACIFIC RAILWAY

In 1926, on your recommendation, I invested in 100 shares of Chicago, Rock Island & Pacific at a cost of $48 a share. Of course, I am well satisfied. The yield is now over 12% on the purchase price and I have a nice profit. Would you advise accepting this profit now or holding for a longer period?—G. W. D., Louisville, Ky.

In our opinion, it would be inadvisable to close out your commitment in Chicago, Rock Island & Pacific common stock at this time. On the basis of current earnings and visible prospects, the shares would seem entitled to sell at higher levels, although existing market conditions may tend to retard them somewhat marketwise. In spite of the fact that gross earnings for the five months ended May 31st, showed a decline of nearly 4½%, practically all of this loss was offset by reduced operating expenses and lower equipment rentals. While agricultural conditions in the Northwestern territory leave something to be desired, the road stands to benefit as the result of more favorable conditions in the Southwest and Central-west, and barring unforeseen developments, net earnings this year, as applied to the common stock, should approximate $13 per share. While we look for no upward revision in the present dividend in the immediate future, the management of the road has shown a willingness to pass along a good portion of earnings to shareholders, and an additional increase in the not distant future appears well within the realm of possibilities. On the whole, therefore, it would appear that the constructive aspects of the situation not only warrant retention of present commitments, but additional purchases might be given favorable consideration by those investors seeking a common stock equity with well defined prospects for the longer pull both from the standpoint of income return and future price appreciation.

Are You Sure of Your Broker?

We invite correspondence from readers desirous of ascertaining the status of brokers with whom they intend to do business. We make no charge for this service, as we recognize the importance of having our readers deal through reliable firms.

Subscribers wishing to avail themselves of the privileges of the Personal Service Department should be guided by the following:

1. *Be Brief.*
2. *Confine requests for an opinion to THREE SECURITIES ONLY.*
3. *Special rates upon request to those requiring additional service.*
4. *Write name and address plainly.*

NATIONAL DEPARTMENT STORES

I am thinking of buying 50 shares of National Department Stores for a reasonably long pull. Apparently this stock has not been affected by the upward moves in most of the chain stores stocks. Don't you think its turn will come?—C. T. S., Chicago, Ill.

National Department Stores, operating 14 department stores in Cleveland, Pittsburgh, Philadelphia, Detroit, Wheeling, St. Louis, Richmond, Minneapolis and Portland, Ore., was organized in 1922 to take over various independent businesses previously carried on over an extended period of years, dating as far back as 1847. Sales expanded yearly from 1922 to 1927 inclusive, but fell off approximately 9% in the year ended January 31, 1928, due, mainly, to the abandonment of the company's Fink store in Philadelphia. However, the general trend in net profits has been downward since formation of the enterprise, results in the last fiscal year showing a balance of only 65 cents a common share against 84 cents in the preceding year, and $1.47 a share in the year ended January 31, 1926. Some improvement is indicated in the six months ending July 31st, estimated profits being 50% ahead of the same period a year ago, or around 50 cents a share. Financial position was considerably strengthened last year through a general reduction of inventories and liquidation of one store, referred to above, but on the basis of the company's record to date and until it has demonstrated its ability to achieve something resembling substantial and lasting earning power, we see little incentive to purchase the shares.

AMERICAN CYANAMID

During the past few weeks the market action of American Cyanamid has seemed weak. Can you tell me the reason? I was under the impression that the company is making fine progress. I have 50 shares at $47 a share. Would you hold or close out?—I. L. M., Jacksonville, Fla.

At this writing, the report of the American Cyanamid Company covering operations for the fiscal year ended June 30, 1928, is not yet available. It has been reliably reported, however, that sales and earnings for that period registered a very satisfactory gain, and in all probability the $3.09 per share earned on the combined class A

(Please turn to page 700)

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Industrial Progress Encouraging

Trade Conditions Hardly Suffer Setback During Period of Normal Reaction—Activity in Several Lines Unusual—Outlook Continues Favorable

STEEL

Price Situation More Favorable

IT is becoming increasingly evident that producers are determined to enforce a rigid policy in their attempts to obtain higher prices for steel products. While this appears to be more an expression of confidence rather than actual fact, it is encouraging to note the consistent efforts to raise bars, plates and shapes from 1.85c to 1.90. Consumers have been reluctant to accept the advance and on the whole have been successful in securing concessions; but it is felt that when the price is firmly established at the higher base specifying on contracts will be more active. Thus far the trend has been decidedly in favor of buyers, although in the second quarter prices showed some improvement.

Steel production has been increased

(*Please turn to page* 729)

COMMODITIES*

(See footnote for Grades and Unit of Measure)

	1928 High	1928 Low	*Last
Steel (1)	$33.00	$32.00	$32.00
Pig Iron (2)	17.00	15.35	16.00
Copper (3)	0.14¾	0.14	0.14¾
Petroleum (4)	1.90	1.03	1.36
Coal (5)	1.85	1.52	1.85
Cotton (6)	0.23½	0.17¾	0.21
Wheat (7)	2.22	1.50⅞	1.56
Corn (8)	1.27⅜	1.06	1.25⅞
Hogs (9)	0.11⅛	0.07⅝	0.11⅛
Steers (10)	16.50	12.00	16.25
Coffee (11)	0.17¼	0.14¼	0.16⅝
Rubber (12)	0.41	0.17½	0.19⅝
Wool (13)	0.50	0.44	0.48
Tobacco (14)	0.12	0.12	0.12
Sugar (15)	0.04⅝	0.04⅛	0.04⅛
Sugar (16)	0.06⅛	0.05⅝	0.05⅝
Paper (17)	0.03¼	0.03¼	0.03¼
Lumber (18)	22.64	19.96	22.64

* July 26.

(1) Open hearth billets, $ per ton; (2) Basic Valley, $ per ton; (3) Electrolytic, c. per pound; (4) Mid-Continent, 36°, $ per bbl.; (5) Pittsburgh, steam mine run, $ per ton; (6) Spot, New York, c. per pound; (7) No. 2 red, New York, $ per bushel; (8) No. 2 Yellow, New York, $ per bushel; (9) Light, Chicago, c. per pound; (10) Top, Heavies, Chicago, c. per lb.; (11) Rio, No. 7, Spot, c. per lb.; (12) First Latex crepe, c. per lb.; (13) Ohio, Delaine, unwashed, c. per lb.; (14) Medium, Burley, Kentucky, c. per lb.; (15) Raw Cubas, 96° Full Duty, c. per lb.; (16) Refined, c. per lb.; (17) Newsprint per carload roll, c. per lb.; (18) Yellow pine boards, f. o. b. $ per M.

THE TREND IN MAJOR INDUSTRIES

STEEL—Production is trending upwards and demand, while more conservative, is holding up remarkably well, important consumers showing only slight letup in activity. Price situation seems to be strengthening, with possibility that several definite advances will be made.

METALS—Copper buying for export is in good volume, while domestic demand is moderate with prices firm and unchanged at 14¾ cents. Heavier output should bring surplus stocks, which are at lowest point since war, up to more sizable proportions but industry is still in excellent statistical position.

PETROLEUM—Continued large consumption of gasoline reflected in stronger prices for high gravity crudes and further upward revisions have been posted in gasoline markets. Position of refiners is decidedly improved but crude oil producers still have huge stocks to contend with.

AUTOMOBILES—Larger buying of some cars is offsetting declines in others and industry as a whole is well ahead of last year. Lateness of Ford in attaining capacity production is aiding sales volume of other low priced manufacturers. Introduction of many new models this month.

RETAIL TRADE—Warmer weather has given fresh impetus to distributive trades, with chain store, department store and mail order sales steadily reporting higher totals. Outlook remains favorable in view of large purchasing power of country in general, while promising agricultural outlook should prove a favorable factor.

MOTOR ACCESSORIES—Manufacturers of automobile parts and accessories did a record volume of business during the first six months of the year; with the sustained activity in the automobile industry there is every indication that the second half will be good.

TEXTILES—Silk markets have been weak but low price is attractive and favorable outlook for better goods business should support markets. Demand for dry goods has been irregular, although plans to curtail production at some mills may improve situation. Rising tendency of woolens is restraining consumer buying.

RAILROADS—Carloadings in the weeks ended July 14 and 21 showed a gain over the corresponding weeks in 1927. Prospects of heavier shipments are encouraging, while operating economies go a great way toward increasing railroad earnings.

SUMMARY—While seasonal influences have prevented any great expansion in trade activity, in comparison with a year ago the industrial horizon presents a more heartening picture. Favorable crop reports and satisfactory distributive trade movement add further encouragement.

Who is your Financial Advisor?

Every intelligent investor recognizes the necessity of sound, impartial, expert investment counsel.

But are all investors receiving *such* counsel?

Who is BEHIND your Financial Service?

DO you know the men who are providing *you* with advice regarding *your* investments? Are you familiar with their record? their training? their ability? their character? ¶ *Who are they?* CAN YOU NAME THEM? ¶ Are the men behind your Service impartial, disinterested? Are YOUR interests THEIR interests? ¶ A Financial Service is no sounder than those behind it. ¶ The members of McNeel's Service know who is behind *their* investment counsel. They *know* who is their financial advisor. They know that their investment interests have the personal supervision of a great financial authority*—one of the country's foremost—a trained financial brain, a student and analyst, an impartial, independent judge of securities and security markets.

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*R. W. McNeel was 10 years Financial Editor of the Boston Herald, the leading financial newspaper of New England and one of the outstanding daily newspapers of the country. He was 5 years Business Editor of the Boston Herald. He is the author of "Beating the Stock Market." He has been author, editor, investor, lecturer, publisher, and personal financial advisor to individuals, institutions, trustees, and estates.

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ANSWERS TO INQUIRIES

(*Continued from page* 696)

and class B common stock in the previous year will be somewhat bettered. For the past several years, the company has been actively engaged in strengthening its trade position, and the development of several profitable side lines is a noteworthy achievement, as it will tend to lessen the company's dependence upon the fertilizer industry, one which has been characterized by many vagaries in the past. The company has devoted many years of research and experiment to the development of a patented, highly concentrated fertilizer, with the result that a product known as "Ammo-Phos" has been perfected. To date, the principal demand for this product has been from foreign countries, a fact which may be largely accounted for by its small bulk and a consequent saving of freight charges. The management, however, is optimistic with regard to the domestic potentialities, and for the purpose of increasing plant capacity, additional capital to the amount of approximately $3,300,000 was raised through the sale of additional class B common stock. At last reports the company was in a comfortable financial position, and while the present program of expansion may preclude an upward revision in dividends during the near future, we rate the shares as having merit for the longer pull, and would be willing to advise retention by those investors who realize that such course involves an element of speculative risk. Market conditions, rather than any change in the company's status, probably account for the lower prices recently witnessed.

CENTRAL ALLOY STEEL

When Central Alloy Steel declined below 25 last year, I held on in accordance with your advice. Now I have a profit of more than $500. I am willing to continue to retain if you still think the prospects are good. Will you please let me know?—Mrs. J. W., Troy, N. Y.

Central Alloy Steel ranks as the seventh largest steel company in the country and is the largest producer of alloy steel, handling about 80% of the total output, prosperity to some degree being dependent upon conditions prevailing in the automotive industry. Properties have been largely in the development stage in recent years, but this program has now been about completed, and through numerous mergers the company's scope of operations has been greatly expanded, so that it now enjoys a well diversified and strongly integrated business. Despite the rather unfavorable conditions prevailing in the steel industry last year and a general slowing down in the automotive industry, profits were equal to $1.57 a share against $1.99 a share in 1926. With increased activity in au-

(*Please turn to page* 702)

(*Continued from page* 700)

tomotive circles this year operations have been maintained at a high level, earnings in the first six months showing a balance of $1.46 a share compared with $1.13 in the same period of 1927. Financial position is strong, and the company seems to face a generally favorable outlook. Further, it is possible the enterprise will figure in merger negotiations some time in the future, in the event of which shareholders should receive favorable consideration. Dividends at the current annual rate of $2 a share seem reasonably safe, a fair income return is afforded at existing prices and enhancement possibilities over a reasonable period are promising. We suggest retention.

LAMBERT

What is the outlook for Lambert Company? I am carrying 50 shares for which I paid $85 a share. I understand that nation-wide advertising is proving beneficial. Is this a good stock to hold for a pull?—P. C. G., Kankakee, Ill.

The Lambert Company functions as a holding company, and controls the Lambert Pharmacal Co., which engages in the manufacture of the well-known "Listerine" products. Capitalization is represented solely by 481,250 shares of no par value common stock, on which earnings in 1927 were equal to $6.22 per share. The company's sales and earnings have shown a steady increase in recent years, having been stimulated by extensive advertising, and in the first six months of the current year, profits totalled the equivalent of $4.38 per share, as compared with $3.36 per share in the corresponding period of 1928. On the basis of results for the first half, earnings for the full year should be in excess of $8 per share, assuring an ample margin of safety for present regular and extra dividends. The shares do not appear to be overvalued in relation to earnings; in fact appear to possess definite possibilities of a long range character.

UNION CARBIDE & CARBON

Last year, on the strength of advice from you, I bought 20 shares of Union Carbide and Carbon at $103 a share, and naturally I am satisfied with my investment. It seems strong at present levels, and I am wondering if a split-up is in the offing?—A. R. S., New Orleans, La.

In its name, the Union Carbide & Carbon Corporation gives but a hint of the scope of its activities. While primarily the company ranks as a leading manufacturer of industrial chemicals and electrical products, products include storage batteries, calcium carbide, carbon specialties, chemical solvents, and the recent acquisition of the Acheson Graphite Co. has placed the company in the position of largest producer of graphite in the United States. Naturally, the wide diversification of operations insures marked stability of earning power, and the unlimited possibilities of the

(*Please turn to page* 709)

New York Stock Exchange

RAILS

	Pre-War Period 1909-1913 High	Pre-War Period 1909-1913 Low	War Period 1914-1918 High	War Period 1914-1918 Low	Post-War Period 1919-1927 High	Post-War Period 1919-1927 Low	1928 High	1928 Low	Last Sale 8/1/28	Div'd $ Per Share
Atchison	125⅝	90¼	111¼	70	200	91¾	197⅛	182⅜	188	10
Do Pfd.	106¾	96	102⅛	75	106¾	72	198½	102½	103½	5
Atlantic Coast Line	148½	102½	126	79⅞	268	77	171½	164	167	‡7
Baltimore & Ohio	122¼	90⅝	96	88¼	125	27⅝	119⅞	103¾	106⅞	6
Do Pfd.	96	77¼	80	48¼	83	38½	85	78½	†78	4
B'klyn-Man. Transit	..	..	..	..	77⅞	9¼	77¾	53⅜	63	4
Do Pfd.	..	..	..	..	89¾	31⅜	96⅜	82	90	6
Canadian Pacific	283	165	220⅛	126	219	101	223¾	195½	206½	10
Chesapeake & Ohio	92	51⅛	71	35⅝	218½	46	205¼	175½	185¼	10
C. M. & St. Paul	165⅛	96¾	107⅛	35	52¾	3¼	40⅛	22¼	35½	..
Do Pfd.	181	130½	143	62½	76	7	51⅜	37	47	..
Chi. & Northwestern	198½	123	136⅞	35	105	45⅞	94¼	78	82½	4
Chicago, R. I. & Pacific	..	..	45¾	16	116	19⅛	122⅝	106	118	6
Do 7% Pfd.	..	..	94¾	44	111¾	64	111½	106¼	†107	7
Do 6% Pfd.	..	..	80	35¾	104	54	105	100	†101	6
Delaware & Hudson	200	147½	159½	87	230	83¼	226	163¼	†190½	9
Delaware, Lack. & W.	340	192½	242	160	260½	93	150	129	132½	7
Erie	61¼	33½	59⅛	18¾	69¾	7	66½	48¾	53	..
Do 1st Pfd.	49¾	26¼	54¾	15⅛	66¼	11⅛	63⅞	50	58⅛	..
Do 2nd Pfd.	89⅛	19½	45⅝	13⅛	64½	7⅛	62	49¼	57½	..
Great Northern Pfd.	157⅞	115½	134¾	79¼	103⅞	50⅝	109	93½	97½	5
Hudson & Manhattan	..	..	..	..	65⅞	20⅝	73½	51	†57⅛	2½
Illinois Central	162⅛	102¾	115	85¾	139⅜	80⅞	148¾	131¾	141	7
Interborough Rap. Transit	..	..	..	..	53¾	9½	62	29	38⅛	..
Kansas City Southern	50¼	21⅜	35⅛	13⅛	70½	13½	63⅛	43	48	..
Do Pfd.	75½	56	65½	40	73½	40	77	67½	†65	4
Lehigh Valley	121¼	62½	87⅛	50⅜	137½	39½	116	84⅛	†100	3½
Louisville & Nashville	170	121	141⅞	103	159⅛	84¾	159½	139½	†141¼	7
Mo., Kansas & Texas	*51⅛	*17½	*24	*3⅛	56½	*¾	41½	30½	36¾	..
Do Pfd.	*78¼	*46	*60	*6½	109½	*2	109	101½	103¾	7
Missouri Pacific	*77½	*21½	38⅛	19⅞	62	8¼	69⅝	41⅞	60⅝	..
Do Pfd.	..	..	64⅞	37½	118⅝	22¼	123⅜	105	114⅛	..
N. Y. Central	147¾	90⅜	114¼	62½	171½	64⅛	191½	156	163⅜	8
N. Y., Chi. & St. Louis	109¾	90	90¾	55	204½	23¾	146	123⅝	127¼	6
N. Y., N. H. & Hartford	174¾	65⅝	89	21½	63⅜	9⅝	68⅜	64⅜	57	1
N. Y., Ontario & W.	55⅜	25⅛	35	17	41¾	14¼	39	24	†26¼	..
Norfolk & Western	119¼	84¼	147⅛	92⅝	202	84¼	197	175	†176	10
Northern Pacific	150½	101¾	118⅞	75	102⅛	47⅞	105½	92⅜	96	5
Pennsylvania	75⅝	53	61½	40¼	68	32¼	72½	61⅞	64½	3½
Pere Marquette	*36½	*15	38⅛	9½	140¾	12⅛	146	124⅞	129	8
Pittsburgh & W. Va.	..	..	40⅜	17¾	174	21⅛	161	121¼	138	6
Reading	89⅝	59	115½	60⅛	123¾	51⅞	119⅜	94¼	†99½	4
Do 1st Pfd.	46¾	41¼	46	34	61	32⅞	46	42	†42	2
Do 2nd Pfd.	58¾	42	52	33¾	*65	32⅛	59⅞	44	†48¼	2
St. Louis-San Fran.	*74	*13	50½	21	117¼	10¾	122	109	113	‡7
St. Louis-Southwestern	40⅜	18½	32⅛	11	93	10⅞	91⅜	67½	†85	..
Seaboard Air Line	27½	13¼	22⅜	7	54¼	2⅛	30½	11⅝	14⅝	..
Do Pfd.	56½	23½	58	15⅛	51½	3	38	17⅞	†17½	..
Southern Pacific	139⅛	83	110	75¾	126⅞	67½	131¼	117⅝	119½	6
Southern Railway	34	18	36¾	12½	149	24¾	165⅝	139½	150	8
Do Pfd.	86⅞	43	85¼	42	101⅛	42	102¼	98¼	100	5
Texas & Pacific	40½	10¼	29⅛	6½	103⅞	14	177	99⅛	†171	5
Union Pacific	219	137¾	164⅜	101¼	197¾	110	264¾	186½	194⅛	10
Do Pfd.	118⅛	79¾	86	69	85½	6¼	87¼	83	†83	4
Wabash	*27⅞	*2	17½	7	81	6	96¼	51	72¾	..
Do Pfd. A	*61¾	*6⅛	60½	30⅞	101	17	102	88½	93	5
Do Pfd. B	..	..	32⅞	18	98	12¼	99¼	87	†91	5
Western Maryland	*56	*40	23	9¼	67⅞	8	54¾	31¾	39⅝	..
Do 2nd Pfd.	*88¼	*53½	*58	20	67½	11	54⅞	33½	†38⅜	..
Western Pacific	..	..	25½	11	47½	12	37½	28¼	†29½	..
Do Pfd.	..	..	64	35	86½	51½	62⅛	54⅛	†54	..

INDUSTRIALS

	Pre-War Period 1909-1913 High	Pre-War Period 1909-1913 Low	War Period 1914-1918 High	War Period 1914-1918 Low	Post-War Period 1919-1927 High	Post-War Period 1919-1927 Low	1928 High	1928 Low	Last Sale 8/1/28	Div'd $ Per Share
Adams Express	270	90	154½	42	210	22	378	195	†300	6
Ajax Rubber	..	..	89⅛	45⅛	113	4¼	14⅜	7½	8⅝	..
Allied Chem. & Dye	..	..	..	..	169¼	34	182⅛	146	175	6
Do Pfd.	..	..	..	..	124	83	125¾	120½	†122	7
Allis-Chalmers Mfg.	10	7⅝	49⅛	6	118¾	26½	129¾	115⅛	126	7
Am. Agric. Chem.	63⅝	33½	106	47¾	113¾	7⅛*	23¼	15⅝	19⅛	..
Do Pfd.	105	90	103½	89⅛	103	18	75	55⅝	68	..
Am. Beet Sugar	77	19¾	108½	19	103¾	15⅛	21¾	14¾	20	..
Am. Bosch Magneto	..	..	..	..	143⅞	13	41	15⅜	31⅛	..
Am. Can	47⅜	6⅞	68⅛	19¼	*344½	*21¾	95⅜	70⅛	93¼	2
Do Pfd.	129¼	98	114½	80	141¾	72	147	136¾	140½	7
Am. Car & Foundry	76½	36½	98	40	*201	97½	111⅛	90¼	90⅞	6
Do Pfd.	124¾	107½	119½	100	134¾	105¾	137½	110⅝	112	7
Am. Express	300	94¾	140⅛	77½	183	76½	207¾	169	190	6
Am. Hide & Leather	10	3	22⅛	2½	43⅛	5	15⅝	10	†10¼	..
Do Pfd.	51⅞	15⅛	94⅞	10	142¾	29¾	67⅝	40	†42	..
Am. Ice	..	..	49	8⅞	*139	25¾	41⅝	28	41	2½
Am. International	..	..	62⅜	12	132¼	17	125	71	96⅜	2
Am. Linseed Pfd.	47¾	20	92	24	113	4⅛	130⅛	86½	†120	7
Am. Locomotive	74¾	19	98¼	46⅝	144⅞	58	115	87	94⅞	8
Do Pfd.	122	75	109	93	127	96½	134	114	†119¾	7
Am. Metal	..	..	..	..	67⅜	36⅝	51	39	48	3
Am. Radiator	*500	*200	*445	*235	*345	64	152¾	130⅛	147½	5
Am. Safety Razor	..	..	..	..	76¾	*3½	68⅞	56	63	‡4
Am. Ship & Commerce	..	..	..	..	47½	2½	6⅛	3⅞	4⅛	..
Am. Smelt. & Ref.	105⅛	56⅝	123¾	50¼	183¾	29¼	204¾	169	202¼	8
Do Pfd.	74½	24⅛	95	44	133	18	148	131	†135	7
Am. Steel Foundries	116¾	98¼	118⅞	97	122⅜	41⅛	70⅝	55⅛	53⅛	3
Do Pfd.	..	..	..	..	115	78	115	109	†110⅛	7

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Price Range of Active Stocks

INDUSTRIALS (Continued)

	Pre-War Period 1909-1913 High	Pre-War Period 1909-1913 Low	War Period 1914-1918 High	War Period 1914-1918 Low	Post-War Period 1919-1927 High	Post-War Period 1919-1927 Low	1928 High	1928 Low	Last Sale 8/1/28	Div'd $ Per Share
Am. Sugar Refining	136⅝	99⅞	126½	89⅛	143⅜	36	78¼	55	69⅛	..
Do Pfd.	133½	110	123⅛	106	119	67½	110½	100	107½	7
Am. Tel. & Tel.	153⅜	101	134⅛	90⅝	185½	92⅛	211	172	176	9
Am. Tobacco	*530	*200	*256	*123	*314½	82⅛	176	152	†161	8
Do Com. B	..	..	..	..	*210	81⅛	177	152	163	8
Am. Water Works & Elec.	..	..	..	..	*144	*4	70⅜	52	56⅝	‡1
Am. Woolen	40⅝	15	60⅞	12	169⅛	16⅛	24¾	14	17½	..
Do Pfd.	107¾	74	109	72½	111⅞	46⅞	62¼	40⅛	44¼	..
Anaconda Copper	54⅝	27½	105⅜	24¼	77⅞	28⅛	74⅞	53¾	67	4
Associated Dry Goods	..	..	28	10	140½	39⅛	48¾	40½	45½	2½
Do 1st Pfd.	..	..	75	50½	112	49⅞	113⅞	103	†103	6
Do 2nd Pfd.	..	..	49½	35	114	38	119½	110	112	7
Atl. Gulf & W. Indies	13	5	147¾	4½	192⅝	9¼	59⅞	37⅛	†47	..
Do Pfd.	32	10	74¾	9⅞	76½	6¾	57¼	38	53	3
Atlantic Refining	..	..	..	..	*1575	78½	158	95¾	155¾	4
Austin Nichols	..	..	..	..	40⅜	4¼	9⅛	4	4¾	..
Do Pfd.	..	..	..	..	95	23½	85	29	†25	..
Baldwin Locomotive	60¾	36½	154⅛	26⅝	265¾	62¼	285	242	†249	7
Do Pfd.	107½	100¼	114	90	125¼	92	124¾	118	†116½	7
Bethlehem Steel	*51⅝	*18⅜	155⅛	59¾	112	37	69⅞	51⅞	56⅞	..
Do 7% Pfd.	80	47	186	68	108	78	125	116⅛	†117	7
Brooklyn Edison Electric	134	123	131	87	225	82	268¼	206¾	239	8
Brooklyn Union Gas	164½	118	138¾	78	157½	41	159¼	139	†140	5
Burns Brothers	45	41	161½	50	147	76	125½	93½	†119	8
Do B	..	..	..	..	53	16¼	43⅜	15⅞	34⅞	..
Butte & Superior	..	..	105¼	12¼	37⅞	6⅛	16¾	9	11½	2
California Packing	..	..	50	30	*179½	48¼	79¾	68½	71	4
California Petroleum	72½	16	42⅝	8	*71⅞	15⅜	32¾	24	†29¼	1
Cerro de Pasco Copper	..	..	55	25	73½	23	79¼	61½	77	5
Chile Copper	..	..	39¼	11¼	44⅜	7	46¾	37⅜	44¾	2½
Chrysler Corp.	..	..	..	..	*253	35⅝	88½	54¾	78	3
Do Pfd.	..	..	..	..	116	100½	117	113⅝	†115⅛	8
Coca Cola	..	..	..	..	177¾	18	177¾	127	164⅜	6
Colorado Fuel & Iron	53	22½	66½	20½	96⅝	20	84½	52½	62¼	..
Columbia Gas & Elec.	..	..	54⅛	14¼	*114⅞	30¼	118⅜	89½	110⅜	5
Congoleum-Nairn	..	..	..	*184⅜	*184⅜	12⅛	31½	22	22¾	..
Consolidated Cigar	..	..	..	..	87¼	11⅜	99	79½	90⅛	7
Consolidated Gas	*165¼	*114½	*150½	*112½	*145¾	56⅜	170¼	119⅜	144¼	5
Continental Can	..	..	*127	*37½	*131¾	34⅜	114⅞	80¼	105¼	5
Corn Products Refining	26½	7⅜	50½	7	*160½	21½	82⅞	64⅜	78⅞	‡2
Do Pfd.	98½	61	113½	58⅛	142¼	96	146¾	138½	140½	7
Crucible Steel	19⅝	6⅛	109⅞	12¼	*278½	48	93	69¼	72½	5
Cuba Cane Sugar	..	..	76⅜	24⅞	59⅜	4⅞	7½	5¼	4⅝	..
Do Pfd.	..	..	100½	77¼	87	13⅛	32⅞	15¾	16½	..
Cuban-American Sugar	*58	33	*273	*38	*605	10⅞	24¼	18	18⅛	1
Cuyamel Fruit	..	..	..	..	74½	30	55⅜	39	†50	..
Davison Chemical	..	..	..	..	81¼	20⅜	57¼	34⅜	52	..
Dupont de Nemours	..	..	..	..	*360	105	405½	310	373¼	‡10
Eastman Kodak	*No Sales		*605	*690	*690	70	197¾	163	184	‡5
Electric Storage Battery	*64¼	*42	*78	*42¼	*153	37	84⅞	69	78	5
Endicott-Johnson	..	..	..	..	150	44	85	75¼	†77	5
Do Pfd.	..	..	..	..	125	84	127	121¼	†123¾	7
Fisk Rubber	..	..	..	..	55	5½	17¾	10⅞	10⅞	..
Do 1st Pfd.	..	..	..	..	116½	38⅛	91½	66½	70	7
Fleischmann Co.	..	..	..	..	*171⅛	46⅛	76⅜	65	71⅜	3
Foundation Co.	..	..	..	..	183¾	35½	55⅜	42	†42⅜	..
Freeport-Texas	..	..	70½	25¾	106½	7½	109¼	55	59½	‡4
General Asphalt	42⅞	15½	39⅜	14¼	160	28	94⅞	68	73	..
General Cigar	..	..	..	..	*115¼	46	75⅜	59½	61½	4
General Electric	188½	129¾	187¼	118	*386½	81	174½	124	150⅜	‡4
General Motors	*51¾	*25	*850	*74½	*282	*8⅛	210	130	189⅝	‡5
Do 7% Pfd.	..	..	..	125¾	125¾	95⅛	127½	123½	†106	7
Goodrich (B. F.) Co.	86½	15½	80¼	19⅝	96½	17	99⅜	68½	76⅝	4
Do Pfd.	109¾	73⅜	116¾	79⅞	111½	62½	115⅜	109½	†111	7
Goodyear T. & R.	..	..	..	..	72½	5	72½	46⅛	52⅛	..
Do Pfd.	..	..	..	..	99⅛	92½	99½	92½	95¾	7
Granby Consolidated	78¼	26	120	58	80	12	56⅞	39⅛	58⅝	4
Great Northern Ore Ctfs.	88½	25½	50⅜	22½	52¾	18	26	19¼	20⅝	1½
Gulf States Steel	..	..	137	58¾	104⅝	25	69	51	†63¾	..
Houston Oil	25½	8	86	10	175¾	40½	167	119	134	..
Hudson Motor Car	..	..	..	..	139½	19⅛	99⅞	75	82¼	5
Hupp Motor Car	..	..	11	2½	36¼	4⅝	65	29	57	2
Inland Steel	..	..	..	..	62⅜	31½	63	46	58	‡2½
Inspiration Copper	21⅝	13⅞	74¾	14¼	68⅞	20¾	25⅞	18	21⅛	..
Inter. Business Mach.	..	..	52⅝	24	*176¼	28¾	147¾	114	123¾	5
Inter. Combustion Eng.	..	..	..	..	69½	19⅝	72⅜	45¼	59¾	2
Inter. Harvester	..	..	121	104	255⅝	66¾	290	224¾	271¾	‡6
Inter. Mercl. Marine	9	2⅛	50⅝	⅝	67¾	3½	7⅜	3¾	4½	..
Do Pfd.	27⅝	12½	125⅝	8	128½	18½	44⅝	34½	35¾	..
Inter. Nickel	*227¼	*135	57⅛	24⅛	89½	24¼	103	73⅝	97¾	2
Inter. Paper	19¾	6⅛	75½	9½	91¾	27⅞	86⅜	66	70	2.40
Kelly-Springfield Tire	..	..	85	36⅞	164	9	27⅜	15	19⅞	..
Do 8% Pfd.	..	..	101	72	110	33	84	55¼	†65	..
Kennecott Copper	..	..	64¼	25	90⅝	14⅝	95½	80⅛	94⅝	5
Kinney (G. R.) Co.	..	..	..	..	103	19¾	52	38	†36	..
Lima Locomotive	..	..	..	..	76⅜	49	65⅞	38	42	..
Loew's Inc.	..	..	..	..	63⅞	10	77	49½	54½	3
Loft, Inc.	..	..	..	..	28	5	8	5¾	7	..
Lorillard (P.) Co.	*215¼	*150	*239⅞	*144½	*245	23½	46⅞	23¾	29½	..
Mack Trucks	..	..	..	..	242	25½	107⅞	83	91	6
Magma Copper	..	..	..	..	58¾	26⅛	56¾	43¾	50⅞	3
Mallinson & Co.	..	..	..	..	45	8	28⅞	16	24⅜	..
Maracaibo Oil Explor.	..	..	..	..	37½	12	25½	12⅛	18	..
Marland Oil	..	..	..	..	63⅜	12⅛	44½	33	37	..
May Department Stores	*88	*65	*97½	*35	*174¾	*60	55⅜	75	78⅝	4
Mexican Seaboard Oil	..	..	..	..	34½	3	39	4⅝	26¼	..
Miami Copper	30⅛	12¾	49¾	16⅛	32¾	8	22	17¾	19⅜	1½
Montgomery Ward	..	..	..	..	123⅛	12	193⅞	117	188	5
National Biscuit	*161	*96½	*139	*79⅞	*270	35⅝	182	159½	164	‡6
National Dairy Prod.	..	..	..	..	81⅞	30⅛	88⅛	64½	80	3
National Enam. & Stamp	30⅛	9	54⅛	9	89½	18½	37½	23⅛	30	..

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New York Stock Exchange Price Range of Active Stocks

INDUSTRIALS (Continued)

	Pre-War Period 1909-1913		War Period 1914-1918		Post-War Period 1919-1927		1928		Last Sale 8/1/28	Div'd $ Per Share
	High	Low	High	Low	High	Low	High	Low		
National Lead	91	42½	74⅝	44	*202¾	63½	136	115	†119	5
N. Y. Air Brake	98	45	136	55⅞	*145¾	26⅝	50½	40	42½	3
N. Y. Dock	40¼	8	27	9¼	70¾	15¼	64¼	47⅛	†48	..
North American	*87⅞	*60	*81	*38⅞	*119⅛	17½	78⅛	58⅝	72	..
Do Pfd.	..	..	..	..	55	31⅞	55⅝	53¼	†53½	3
Packard Motor Car	..	..	..	..	62	9⅞	84½	56¼	74	4
Pan.-Am. Pet. & Trans.	..	..	70¾	35	140¼	38⅛	53¾	38¼	40¾	..
Do Class B	..	..	..	..	111¾	34⅛	54⅝	37¾	43	..
Paramount-Fam. Players Lasky	..	..	..	..	127½	40	135⅝	111¼	133½	8
Philadelphia Co.	59	37	48⅞	21½	153½	26⅛	174¾	145	†150	‡4
Phila. & Reading C. & I.	..	..	..	..	54¼	34½	39¾	27⅝	28¼	..
Phillips Petroleum	..	..	..	..	69⅝	16	44⅝	35¼	39¼	1½
Pierce-Arrow	..	..	65	25	99	6⅛	18⅝	10½	13¾	..
Do Pfd.	..	..	109	88	127¼	13⅛	62¼	39⅞	55½	..
Pittsburgh Coal	*29⅜	*10	58¾	37½	74⅝	29	55	36⅛	47	..
Postum Co.	..	..	..	..	*134	*47	65⅜	61⅜	66¾	3
Pressed Steel Car	56	18½	88	17¼	113¾	34⅛	26⅞	18	†20½	..
Do Pfd.	112	88⅛	100⅛	69	106	67	88	73½	†73½	7
Pub. Serv. N. J.	..	..	..	..	*98⅞	*29	66⅜	41½	56⅛	2
Pullman, Inc.	200	149	177	106½	199½	*87¼	94	79½	80¼	4
Punta Alegre Sugar	..	..	51	29	120	24¾	34⅞	24½	†24¼	..
Pure Oil	..	..	143⅞	81⅞	61⅞	16¼	27½	19	23¼	.50
Radio Corp. of America	..	..	..	..	101	25⅞	224	85¼	174⅝	..
Republic Iron & Steel	49⅛	15¾	96	18	145	40⅛	69¾	49⅛	57½	4
Do Pfd.	111¼	64½	112⅝	72	106¾	74	119	102	†105½	7
Royal Dutch N. Y.	..	..	86	56	123⅜	40⅝	56¾	44⅝	54⅜	3.222
Savage Arms	..	..	119¾	89⅞	108⅜	8⅞	40⅝	37⅝	40¾	..
Schulte Retail Stores	..	..	..	..	*134⅞	47	67½	49⅞	56¾	3½
Sears, Roebuck & Co.	*124¾	*101	*233	*120	*243	51	124¾	82⅛	123½	2
Shell Trans. & Trading	..	..	..	..	90½	29½	51	39⅜	†48¼	2.425
Shell Union Oil	..	..	..	..	31¾	12⅛	31	23¼	26½	1.46
Simmons Company	..	..	..	..	64¾	22	73	55⅝	61¼	3
Simms Petroleum	..	..	..	..	28⅛	6½	25¼	18⅛	21¼	..
Sinclair Consol. Oil	..	..	67⅛	25¼	64⅛	15	30¾	17⅜	26⅝	..
Skelly Oil	..	..	..	..	37⅛	8⅝	34	25	31¾	2
Sloss-Sh. Steel & Iron	94⅝	23	93⅛	19½	148⅛	32⅛	134	102	†106	6
Standard Oil of Calif.	..	..	..	..	*135	47½	63⅞	53	58¼	2½
Standard Oil of N. J.	*488	*322	*800	*355	*212	30⅛	49	37¾	45⅛	1⅛
Stewart-Warner Speed.	..	..	*100⅛	*43	*181	21	101½	77¼	94	6
Stromberg Carburetor	..	..	45¼	21	118¼	22⅛	74¾	44	49⅞	2
Studebaker Company	49½	15¾	195	20	*151	30½	82⅜	57	71⅝	5
Do Pfd.	98⅛	64½	119½	70	125	76	127	121½	†125	7
Tennessee Cop. & Chem.	..	..	21	11	17¼	6¼	16⅜	10½	13¾	.50
Texas Company	144	74⅛	243	112	58	29	66⅜	50	61⅜	3
Texas Gulf Sulphur	..	..	..	..	*184	32⅝	80⅝	62⅛	68⅝	4
Tex. & Pac. Coal & Oil	..	..	..	..	*275	12	17½	12⅛	14⅝	..
Tide Water Oil	..	..	225	165	*195	5½	27⅛	19⅝	24⅜	.80
Timken Roller Bearing	..	..	..	..	142½	28½	134	112⅝	126	5
Tobacco Products	145	100	82⅜	25	117⅞	45	118⅛	97½	98⅞	..
Do Class A	..	..	..	..	123⅞	76	128	113	110¾	7
Transcontinental Oil	..	..	..	..	6⅝	1¼	10⅛	6¾	7⅞	..
Union Oil of Calif.	..	..	..	..	58⅞	33	57	42¾	51	‡2
United Cigar Stores	..	..	*127⅞	*8⅝	*255	42½	34⅝	23⅜	24	.80
United Fruit	208⅛	126½	175	105	*294	95¾	146¼	131½	†136	5½
U. S. Cast I. Pipe & F.	38	9⅞	31⅞	7¾	250	10½	300	190⅛	†230	10
Do Pfd.	84	40	67½	30	125	38	137	115	125	7
U. S. Indus. Alcohol	57¼	24	171½	15	167	35½	122¼	102⅛	110	5
U. S. Realty & Imp.	87	49¾	63⅞	8	*184½	17	93⅞	61¼	81	4
U. S. Rubber	59½	27	80½	44	143⅞	22½	63¼	27	32⅞	..
Do 1st Pfd.	120½	98	115½	91	119½	66½	109⅜	55	62¼	..
U. S. Smelt., Ref. & M'g.	59	30⅝	81½	20	78¼	18⅝	52	39½	46⅜	3½
U. S. Steel	94⅞	41¼	136⅝	38	160½	70¼	154	132⅝	140⅞	7
Do Pfd.	131	102½	123	102	141¼	104	147¼	138⅝	†141	7
Vanadium Corp.	..	..	..	..	97	19⅛	96	60	73	4
Western Union	86¼	56	105½	53⅜	176	76	177½	139½	146	8
Westinghouse Air Brake	141	132½	143	95	*198	40	57⅞	42⅛	45¾	2
Westinghouse E. & M.	45	24¾	74⅞	32	94¾	38⅞	112	88⅛	94	4
White Eagle Oil	..	..	..	..	34	20	26⅝	20⅛	26⅛	1
White Motors	..	..	60	30	104½	29¼	43¾	30¼	37	1
Willys-Overland	*75	*50	*325	15	40¼	4½	28⅝	17¾	21¾	1.20
Do Pfd.	..	..	100	69	123⅞	23	101½	92¾	97⅝	7
Wilson & Co.	..	..	84¼	42	104⅞	4⅛	16	11½	29	..
Woolworth (F. W.) Co.	*177⅞	*78½	*151	*81½	*345	72½	196⅜	175½	185½	5
Worthington Pump	..	..	69	23½	117	19	43	28	42	..
Do Pfd. A	..	..	100	85⅞	98⅛	44	58¼	46¼	56½	..
Do Pfd. B	..	..	78⅜	50	81	37	51	41	48¼	..
Youngstown Sh. & Tube	..	..	..	..	100⅛	59¾	106⅞	83½	89½	5

† Bid price. ‡ Not including extras. § In stock. * Old stock.

Securities and Commodities Analyzed, Rated and Mentioned in This Issue

Important Dividend Announcements

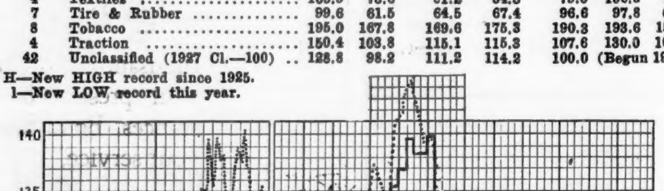
Note—To obtain a dividend directly from the company the stockholder must have his stock transferred to his name before the date of the closing of the company's books.

Ann'l. Rate		Amount Declared		Stock Record	Payable
$2.00	American Can	$0.50	Q	7-31	8-15
7.00	Amer. Radiator Pfd.	1.75	Q	8-6	8-15
8.00	Amer. Tobacco B.	2.00	Q	8-10	9-1
Stk.	Am. W. Wks. & El.	1/40th	SA	8-1	8-15
$1.00	Am. W. Wks. & El.	$0.25	Q	8-1	8-15
6.00	As. G. & E. $6.00 Pfd.	1.50	Q	7-31	9-1
6.50	As. G. & E. $6.50 Pfd.	1.62½	Q	7-31	9-1
8.00	Brooklyn Edison	2.00	Q	8-8	9-1
3.00	Bruns.-Balke-Coll.	0.75	Q	8-5	8-15
8.00	Central R. R. of N. J.	2.00	Q	8-8	8-15
5.00	Con. Gas Co. of N. Y.	1.25	Q	8-8	9-15
5.00	Continental Can	1.25	Q	8-4	8-15
4.00	General Cable A	1.00	Q	8-10	9-1
5.00	Gillette Safety Raz.	1.25	Q	8-1	9-1
4.00	Goodrich, B. F.	1.00	Q	8-10	9-1
5.00	Hud. & Man. R. R.	2.50	SA	8-1	8-15
7.00	Illinois Central com.	1.75	Q	8-1	9-1
6.00	Illinois Central Pfd.	3.00	SA	8-1	9-1
3.00	Ingersoll-Rand	0.75	Q	8-6	9-1
2.40	Inter. Paper	0.60	Q	8-1	8-15
6.50	Loews Inc. $6.50 Pd.	1.62½	Q	7-28	8-15
6.50	La. Oil Ref. 6½% Pfd.	1.62½	Q	8-1	8-15
1.50	Miami Copper	0.37½	Q	8-1	8-15
4.00	Mont. Ward & Co.	1.00	Q	8-4	8-15
4.00	National Supply	1.00	Q	8-4	8-15
4.00	Norf. & W. Adj. Pfd.	1.00	Q	7-31	8-18
1.50	Pac. G. & El. Pfd.	0.37½	Q	7-31	8-15
3.50	Pennsylvania R. R.	0.87½	Q	8-1	8-31
7.00	Pittsburgh Steel Pfd.	1.75	Q	8-11	9-1
6.00	P. S. C. of N. J. 6% P.	.50	M	8-3	8-31
0.50	Pure Oil	0.12½	Q	8-10	9-1
8.00	Sinclair Cons. Oil Pfd.	2.00	Q	8-1	8-15
7.00	Stand. Oil of Ohio Pfd	1.75	Q	8-10	9-1
6.00	Stewart-Warner	1.50	Q	8-4	8-15
Stk.	Sun Oil Pfd.	1½%	Q	8-10	9-1
3.00	Vanadium Cp. of Am.	0.75	Q	8-1	8-15
5.00	Wool'th F. W. & Co.	1.25	Q	8-10	9-1

THE MAGAZINE OF WALL STREET'S
COMMON STOCK PRICE INDEX
(1925 Closing Prices = 100)

Number of Issues in Group	Group	1928 Indexes (308 Issues) High	1928 Indexes (308 Issues) Low	Recent Indexes July 21	Recent Indexes July 28	1927 Indexes (264 Issues) Close	1927 Indexes (264 Issues) High	1927 Indexes (264 Issues) Low
308	COMBINED AVERAGE	139.9	109.2	124.8	127.6	116.3	116.3	95.7
39	Railroads	144.6	119.5	128.2	130.1	132.0	140.2	98.5
2	Agricultural Implements	360.6	280.5	348.3	352.2	300.0	(Begun 1928)	
2	Alcohol	177.6	135.1	142.7	144.2	172.1	175.3	82.1
12	Automobile Accessories	134.6	86.4	117.3	119.6	91.6	96.8	75.6
17	Automobiles	111.2	79.0	92.2	94.6	89.8	89.8	70.1
2	Baking (1926 Cl.—100)	76.1	51.5	55.0	51.5 1	69.4	100.6	53.0
2	Biscuit	194.5	169.7	172.7	174.2	187.0	(Begun 1928)	
4	Business Machines	190.0	153.7	174.6	181.2	159.1	160.2	108.5
2	Cans	155.8	117.2	136.0	145.8	119.9	119.9	77.3
4	Chemicals & Dyes	190.6	158.5	178.1	184.5	166.1	168.9	132.0
2	Coal	108.0	81.8	88.7	88.8	108.0	(Begun 1928)	
12	Construction & Bldg. Material	111.7	94.4	103.1	107.8	99.5	101.3	78.9
12	Copper	199.0	159.8	178.9	182.5	177.8	179.5	105.9
2	Dairy Products	132.5	68.1	97.4	106.0	70.4	80.0	59.8
3	Department Stores	75.7	62.9	72.7	74.2	68.0	86.0	64.5
7	Drugs & Toilet Articles	186.5	157.2	174.0	177.8	162.0	171.2	147.3
5	Electric Apparatus	153.1	125.6	132.5	134.6	129.6	129.6	97.6
3	Fertilizers	97.5	78.4	93.2	89.2	84.0	85.7	47.8
2	Five & Ten Cent Stores	108.8	98.0	102.6	105.0	106.8	111.5	69.6
3	Furniture	136.8	111.0	111.7	113.0	127.4	127.4	89.1
5	Household Appliances	112.7	90.9	93.6	90.9 1	97.0	(Begun 1928)	
2	Mail Order	212.0	147.9	201.6	212.0H	149.3	152.3	82.8
4	Marine......................	96.5	66.8	75.4	73.2	74.9	113.4	69.5
5	Motion Pictures	146.3	98.3	141.5	146.0	102.9	120.3	96.8
36	Petroleum & Natural Gas	148.1	86.1	119.9	123.7	95.6	103.5	86.9
17	Public Utilities	173.0	127.9	154.5	157.5	129.5	132.5	93.1
10	Railroad Equipment	128.9	113.2	114.9	114.1	128.9	128.9	100.3
2	Restaurants	116.4	89.8	110.1	111.3	104.0	(Begun 1928)	
2	Shoe & Leather	231.4	138.3	222.7	212.8	138.3	152.3	69.8
2	Soft Drinks (1926 Cl.—100) ..	208.1	152.9	192.8	198.3	152.9	(Begun 1928)	
11	Steel & Iron	110.7	86.3	100.4	102.3	88.7	92.0	74.8
6	Sugar	93.7	73.0	77.1	78.0	89.5	112.7	76.9
2	Sulphur	386.9	277.1	277.1 1	286.7	381.7	381.7	166.1
2	Telephone	147.6	120.8	130.4	132.3	123.8	127.1	104.6
4	Textiles	105.9	78.6	81.2	84.3	79.0	106.5	71.9
7	Tire & Rubber	99.6	61.5	64.5	67.4	96.6	97.8	64.4
8	Tobacco	195.0	167.8	169.6	175.3	190.3	193.6	159.9
4	Traction	150.4	103.8	115.1	115.3	107.6	130.0	107.6
42	Unclassified (1927 Cl.—100) ..	128.8	98.2	111.2	114.2	100.0	(Begun 1928)	

H—New HIGH record since 1925.
l—New LOW record this year.



(An unweighted Index of weekly closing prices specially designed for investors. The 1928 Index includes 308 issues, distributed among 38 leading industries, and covers about 90% of the total transactions in all Common Stocks listed on the New York Stock Exchange. It is compensated for stock dividends, rights and assessments; and reflects all important price movements with a high degree of accuracy. Our method of making annual revisions in the list of stocks included, renders it possible to keep the Index abreast with evolutionary changes in the market, without impairing its continuity or introducing cumulatively inaccuracies.)

(Continued from page 702)

chemical and electrical industries provide the company with a field for future expansion, of considerable magnitude. Earnings have shown an uninterrupted increase in recent years, in fact, since 1921, profits have tripled, but during that period, there has been no change in the outstanding capital stock and funded debt has increased only moderately, but, partly at least, through the application of liberal depreciation reserves, property account has gained on the average of about $15,000,000 annually, for the past six years. The average annual depreciation charge is equal to about $2.50 per share. Earnings in the first half of the current year were but slightly less than $4.50 per share as compared with $3.83 per share in the first six months of 1927. On this basis, it would not be surprising if the company is successful in earning over $11 per share in the current year. While we are not in a position to confirm the possibility of a split-up in the stock in the near future, we would say that the substantial sums which have been reinvested in the property during recent years might possibly be capitalized in the form of a stock dividend when directors so elect. Regardless, however, we rate the shares as having well defined merit for the longer pull, and to those investors in a position to employ a measure of patience and disregard transitory movements, we would have no hesitation in advising continued retention.

ATLANTIC G. & W. IND. S.S.

Would you recommend that I hold 100 shares of Atlantic Gulf & West Indies which cost me $48 a share? I purchased this stock as a speculation. Is there any possibility of dividends being paid by the end of this year?—W. M. N., Union City, N. J.

The Atlantic Gulf & West Indies Steamship Lines is rated as one of the leading operators of steamship lines between New York and other eastern and southern ports, the West Indies and Mexico. Reviewing the company's past record of operations, a highly irregular trend in earnings is noted, but the trend in more recent years has been distinctly favorable, and profits last year were sufficient to permit the resumption of dividends on the preferred stock, at the rate of $3 per share annually. Further improvement has been witnessed in the current year, and the surplus for the first five months to May 31st, amounted to $702,380, as compared with $238,180 in the corresponding period of 1927. The marked gain which has been recorded this year has been brought about chiefly through the efforts of the management to effect economies in operation. The success of the management in this respect is well brought out by the fact that net income gained despite a 10% decline in gross revenues thus far in the current year. The company's income will be further augmented this year by about $645,000,

(Please turn to page 710)

the amount it will receive from the Atlantic Gulf Oil Corp. at the rate of $6 per share on holdings of 107,500 shares, following an award to the latter company in payment of a judgment against the United States Government. In the event that the company is successful in maintaining operations on the present profitable basis, earnings would permit an increase in preferred dividends to the regular $5 rate, following which, common shareholders would seem warranted in anticipating some return on their investment. Admittedly, the shares are speculative in character, but in view of the fact that you are cognizant of the lack of investment merit, we assume that you are in a position to forego high quality in return for profits, which, barring unforeseen developments, seem reasonably assured to patient shareholders.

THE HUPP MOTOR CAR CORP.

Do you believe the stock of Hupp Motors is selling high enough? I am thinking of accepting the profit of $2,500 which I have on my holdings of 200 shares. What are the merger possibilities of Hupp?—K. Y. F., Pittsfield, Mass.

One, if not the most important, requisites for success in the automobile industry is the ability to capture the fickle public's fancy. This the Hupp Motor Car Corp. appears to have done. Following the introduction of new models early this year, all of the company's previous sales records have been broken, and 1928 shows every promise of being the most profitable year in the company's history. In the first six months 38,423 cars were shipped, an increase of nearly 75% as compared with the same period of 1927. Hence, it is not surprising that earnings of the company were equal to $4.16 per share on the outstanding stock, for the six months ended June 30th, as compared with $1.11 in the first half of 1927. The success of the new models has apparently attracted many new dealers to the company, for it is reliably reported that Hupp's sales organization is now stronger than at any previous time. The company approaches the last half of the year with a substantial volume of unfilled orders on hand, and reports indicate no appreciable abatement in sales during the early future. The increase in cash dividends from $1.40 per share to $2 per share has been fully justified and stockholders electing to sell the 2½% quarterly stock dividend receive a very attractive yield, on the basis of prevailing quotations. While the intensive competition which prevails in the automobile industry precludes an accurate estimate of the earnings of an individual company, we are of the opinion that Hupp will give a favorable account of itself in the last six months, and earnings seem more than likely to be of a volume which would warrant higher levels for the shares. Under the circumstances, it would seem advisable to retain, with a view to developments at least. Of course, the stock is more or less volatile and sub-

ject to general market conditions. From the technical market viewpoint, it does not seem especially attractive at this time, though, as stated, the company is in a sound position. So far as we are able to ascertain, the company is not contemplating any merger in the near future.

S. S. KRESGE CO.

Is there any possibility of a substantial advance in the market price of S. S. Kresge stock in the near future? Last year I paid $76 a share for 50 shares. The dividend is much less than my carrying charges on this commitment.—I. H. H., East Orange, N. J.

Continuing the steady expansion in sales and earnings which has characterized the record of S. S. Kresge Co. practically since its inception, sales gained about 12½% in the first six months of the current year. Net income was nearly 12% higher than in the corresponding period of 1927, being equal to $1.75 per share on 3,678,620 shares of common stock as compared with $1.54 per share earned in the same period of the previous year. Sixteen new stores have been placed in operation thus far in the current year, and it has been officially reported that 45 new units will be opened during the last six months, following which nearly 500 will be in operation. The company ranks as the second largest chain store organization engaged in the sale of moderate priced merchandise, and a statistical review of its record reveals the application of sound retailing methods. Total inventory was turned over nearly nine times in 1927, with an average profit margin of 10½%, and total earnings approximate 20% on invested capital, a ratio bettered only by F. W. Woolworth Co. Directors have elected to use surplus earnings for the purpose of expanding the scope of the company's activities, and dividends have not been liberal. On the other hand, stockholders' equity has been steadily increasing in value, and the substantial surplus revealed by the company's latest balance sheet lends weight to the possibility of a stock dividend when directors so elect. The shares regularly sell at levels to discount future growth some distance ahead, a fact which precludes their selection as an undervalued medium, but the company's very satisfactory record to date would seem to entitle them to unquestionable merit for the longer pull.

THE SIMMONS COMPANY

Several months ago I paid $61 a share for 25 shares of Simmons Company. I can get out about even at the current price. Do you think that the market value of Simmons is likely to go up in the near future?—W. S. K., New York, N. Y.

The Simmons Company ranks as one of the largest manufacturers of steel furniture and during the past six years has shown an average sales volume in excess of 30 million dollars. Sales of its products have been stimulated by an intensive and well-placed advertising program, and for the six months ended

June 30, 1928, net sales registered a gain of over 10%, as compared with the same period of 1927. Capitalization, at the present time, is represented solely by 1,100,000 shares of capital stock, of which 100,000 shares were recently sold to provide the company with additional working capital. Earnings in the first six months, on the basis of present capitalization were equal to $2.27 per share as compared with $2.03 per share for the six months ended May 31, 1927. However, the benefits which should be derived from additional capital are not reflected in these earnings. Management has been active in the installation of modern machinery, resulting in reduced operating costs, and long range prospects for the enterprise seem reasonably favorable. Present quotations for the shares, however, appear to be about in line with their actual value, on the basis of developed earnings, and unless you are planning to hold for the longer pull, we are inclined to believe that there are other issues which seem more attractive on the basis of near term prospects.

WHAT SHOULD THE INVESTOR'S PROGRAM BE IN THE PRESENT MARKET?

(*Continued from page* 667)

is suggested that if the reader of this article has any special problem of this type, he should write to our Personal Service Department, which will advise him to the best of their ability.

New Purchases

As to new purchases, it would seem best that these be limited at present. There is no reason why investments cannot be made in some of the sound dividend-paying issues which are now selling at a low enough point to give a good income. We have indicated a few of these in the accompanying table. But only a partial investment should be made, *holding a substantial amount of cash in reserve for future purposes.* Investors who are in the fortunate position of holding large amounts of cash in reserve might consider in addition to the purchase of sound investment stocks, offering a good yield, several of a carefully selected list of stocks which have already lost so much ground market wise that they seem attractive from a price viewpoint. There have been a number of issues which have been unduly depressed by the recent general decline and offer an opportunity. Several of these are also listed herewith.

Summarizing, briefly, there appears no reason for the sacrifice of sound securities if they are held for income primarily. Investments in bonds may be considered in view of the considerably lower price level now existing in that market. A limited selection of

sound common stocks for income would seem advisable where the investor retains a substantial amount of funds for a reserve. Those who have large sums to invest might consider any of the above two channels and, in addition, a small number of the more speculative but attractive stocks which apparently have been unduly depressed. It should be clearly understood, however, that this is no indorsement of indiscriminate speculation which is hardly ever advisable but particularly under present conditions seems quite out of line with sound practice.

Important Corporation Meetings

Company	Specification	Date of Meeting
Canadian Pac. Ry.	Pfd. & Com. Div.	8-13
First National Pictures Inc.	Directors	8-13
Paramount Famous Lasky Corp.	Com. Div.	8-13
Empire Gas & Fuel Co.	Pfd. Dividend	8-14
McCall Corporation	Directors	8-14
N. Y., N. H. & Hart. R. R.	Directors	8-14
Western Union Telegraph	Directors	8-14
Willys-Overland	Directtrs	8-14
Youngst'n Sheet & Tube	Pfd. & Com. Div.	8-14
Cities Service Company	Directors	8-15
Cuban-American Sugar	Pfd. & Com. Div.	8-15
Dodge Brothers Inc.	Directors	8-15
General Outdoor Advertising	Directors	8-15
Gr'by Consol. M. Sm. & Pr. Ltd.	Directors	8-15
Kelsey-Hayes Wheel Corp.	Com. Div.	8-15
Metropolitan Ice	Directors	8-15
Northern Pacific Railway	Directors	8-15
Republic Iron & Steel	Directors	8-15
Sinclair Consol. Oil Corp.	Directors	8-15
Standard Oil of New Jersey	Dividend	8-15
Vanadium Corp. of America	Directors	8-15
Adams Express	Pfd. & Com. Div.	8-16
Atlantic Coast Line R. R.	Directors	8-16
Cities Service Power & Lt.	Directors	8-16
Crucible Steel of America	Pfd. Div.	8-16
International Harvester	Directors	8-16
Louisville & Nashville R. R.	Directors	8-16
Magma Copper	Directors	8-16
Texas Gulf Sulphur	Dividend	8-16
Bayuk Cigars Inc.	Directors	8-17
Gulf Mobile & Northern R. R.	Pfd. Div.	8-17
Ohio Public Service	Directors	8-17
Radio Corp. of America	Directors	8-17
B'klyn-Manhattan Transit Corp.	Directors	8-20
Canada Dry Ginger Ale Inc.	Directors	8-20
Goodyear Tire & Rubber	Directors	8-20
Gotham Silk Hosiery	Com. Div.	8-20
Missouri, Kansas & Texas R. R.	Pfd. Div.	8-20
Chesapeake & Ohio Ry.	Pfd. & Com. Div.	8-21
Remington Rand Inc.	Directors	8-21
Sheffield Steel Corp.	Directors	8-21
Standard Oil of Nebraska	Directors	8-21
Eaton Axle & Spring	Directors	8-22
Great Western Sugar	Pfd. & Com. Div.	8-22
Intern'l Cement Corp.	Pfd. & Com. Div.	8-22
Martin-Parry Corp.	Directors	8-22
Mathieson Alkali Wks.	Pfd. & Com. Div.	8-22
Montana Power	Directors	8-22
New York Telephone Co.	Pfd. Div.	8-22
Northern Pacific Railway	Exec. Comm.	8-22
Richfield Oil	Directors	8-22
Thatcher Manufacturing	Directors	8-22
U. S. Hoffman Machinery	Directors	8-22
Wright Aeronautical Corp.	Directors	8-22
Byers A. M. & Co.	Directors	8-23
Cent. Alloy Steel Corp.	Pfd. & Com. Div.	8-23
General Railway Signal	Directors	8-23
Hudson & Manhattan Ry.	Directors	8-23
New York Steam Corp.	Pfd. & Com. Div.	8-23
U. S. Industrial Alcohol	Directors	8-23
Corn Products Refining	Directors	8-24
Otis Steel	Directors	8-24
Independent Oil & Gas	Directors	8-25
Miller Rubber	Directors	8-25

KEEP POSTED

"INVESTING FOR SAFETY"

The newest publication of S. W. Straus & Co., 565 Fifth Ave., New York City, describes in detail the methods followed by this organization in underwriting first mortgage real estate bond issues. (217).

STANDARD OIL ISSUES

We have available for distribution descriptive circular on all the Standard Oil issues. (219).

Over-the-Counter

IMPORTANT ISSUES

Quotations as of Recent Date

	Bid	Asked
Aeolian Co., pfd. (7)	75	86
Aeolian Weber	20	30
Aeolian Weber, pfd. (7)	..	70
Alpha Port. Cement (3)	46	48
Pfd. (7)	116	..
American Book Co. (7)	140	145
American Cigar (8)	140	145
Pfd. (6)	112	..
Amer. Dist. Teleg. (4)	106	110
Con. Pfd. (7)	110	115
Amer. Meter Co. (5)	110	117
Atlas Port. Cement (2P)	40	43
Pfd. (2.66)	47	49
Babcock & Wilcox (7)	120	124
Barnhart Bros. & Spindler:		
1st Pfd. (7) G	106	110
2nd Pfd. (7) G	108	111
Bliss (E. W.) Co. (1)	18	20
1st Pfd. (4)	56	61
Cl. B Pfd. (0.60)	10	11½
Bohack (H. C.) Co. New (2½)	56	60
1st Pfd. (7)	107	110
Central Aguirre (6P)	147	150
Colt Fire Arms (2)	35	37
Congoleum Co. Pfd. (7)	105½	..
Continental G. & E.	..	..
Prior Pfd. (7)	105	106
Crocker-Wheeler Elec	80	86
Pfd. (7)	97	..
Dixon (Jos.) Crucible (8)	168	178
Fajardo Sugar (10)	146	150
Franklin Rwy. Sup. (4)	60	65
Helme, Geo. W. (4)	108	112¾
Pfd. (7)	130½	..
Hercules Powder (8P)	225	240
Pfd. (7)	121	124
Knox Hat (5P)	210	..
Pr. Pfd. (7)	106	..
Part. Pfd. (3)	60	70
Leonard, Fitzpatrick, Mueller (1.5)	25	34
Pfd. (8)	105	115
Ludlow Valve Mfg. (3.75)	45	52
Manhattan Rubber (2.5)	38	42
Metropolitan Chain Stores:		
1st Pfd. (7)	114	..
2nd Pfd. (7)	114	..
National Sugar Ref. (7)	139	141
Neisner Bros. Pfd. (7)	126	128
New Eng. Tel. & Tel. (8)	142	144
Phelps Dodge Corp'n (8)	132	138
Pierce, But. & Pierce	..	..
Pfd.	..	..
Remington Arms	22	25
1st Pfd. (7)	94	97
2nd Pfd.	75	80
Royal Baking Powder (5P)	210	225
Pfd. (6)	107	110
Ruberoid Co. (4)	96	102
Savannah Sugar (6)	119	122
Pfd. (7)	112	114
Shaffer Oil & Ref. Pfd. (7)	92	96
Singer Mfg. Co. (10P)	485	500
Singer, Ltd. (¼)	6	7
Superheater Co. (6P)	148	153
Wash. Ry. & Elec. (5)	400	470
Pfd. (5)	99	100
White Rock 2nd Pfd. (10)	170	190
1st Pfd. (7)	103	..
Woodward Iron (4)	73	78
Pfd. (6)	90	..

G—Guaranteed as to principal and dividend by Amer. Type Founders.

P—Plus extras.

REACTIONARY influences were at work over-the-counter during the past few weeks with the result that representative issues lost some part of the ground gained earlier in the year. *Central Aguirre* resisted the predominating trend, however, as did *Phelps Dodge.* In the case of the former, payment of an extra $2 dividend and the marked increase in this season's production of sugar doubtless had a part in sustaining the market for the stock. Interest in Phelps Dodge was likewise based upon an increase in the dividend rate to $8 and unconfirmed rumors of a consolidation involving that company and other Arizona producers, including Magma, United Verde and Calumet & Arizona.

Colt's Patent Fire Arms Mfg.

This company is interesting not alone in respect to its long and successful record but more especially because it is a striking example of the adaptability of well managed corporations to changing conditions. The business dates back to 1837 but was not incorporated until 1902. From the latter year through 1913, the company paid continuous and gradually increasing dividends on its capital stock. Then came the war period, when earnings leaped skyward and distribution to shareholders mounted as high as $55.50 a share in 1916. In 1917, a 100% stock dividend was paid and the old $100 par value stock was changed to the present basis of $25 par value. On the new stock, dividends varied between $3.50 in 1921 and $9 in 1918, becoming fixed at the prevailing $2 rate in 1922.

Despite the liberal dividend payments of the war period, the company wisely retained a substantial surplus which it subsequently devoted to the readjustment of manufacturing operations to peace time conditions. At present, in addition to the production of firearms under the well known "Browning" and "Colt" trade names, the company has three other manufacturing divisions. These comprise the electrical division, making meter protective devices, underground boxes, fuses, etc.; the molded products and packing division, producing base plugs, humidors, asbestos sheet packing and like sundry materials; and the washing machine division manufacturing washing machines for hotel and industrial uses.

The long unbroken dividend record is indicative of consistent earning power and would seem to entitle the company's common stock, of which the 5 million dollars outstanding comprise its only capital obligation, to an investment rating. Not the least remarkable feature of the company's position is its exceptionally strong working capital status. Thus, as of January 1, 1928, it reported current assets of 6.18 million dollars as compared with current liabilities of but $80,673, a ratio of more than 76 to 1.

"OTHERS" NOW HOLD WHIP HAND OVER STOCK MARKET CREDIT

(*Continued from page* 663)

balances at their command. Today it is felt that there are too many "small fry" in the money market as lenders to stock exchange brokers.

Confronted with this difficult situation, the New York banks finally decided to take steps to curb the outside participation in the call money market. Heretofore, the difference between the rates of interest paid on demand deposits and the net income earned on call loans was sufficiently large to induce both large and small accounts to withdraw their deposits and place the money on call. To remedy this phase of the problem, the New York Clearing House banks have decided to increase the rate of interest paid on deposits by one-half of one per cent and place a charge of one-half per cent on the call loans placed for the account of others. This reduces the differential between interest on deposits and the return from call loans by a full one per cent.

The new measures adopted by Clearing House members go into effect September 1st. At that time the minimum amount of call money which will be handled for a non-banking lender will be $100,000. This is designed to eliminate entirely private individuals with comparatively small balances who are now seeking to place a few thousand dollars on call, every time that the rate runs up into the higher brackets. The banks will pay 2½ per cent on non-bank deposits and 2 per cent on the balances which out-of-town banks keep in New York in the form of demand deposits. The new charge for placing call loans for others will be one-half of one per cent, which on a five per cent rate amounts to one-tenth of the income collected as compared with the 5 per cent or one-twentieth formerly charged.

Stock market implications must be drawn cautiously. Too little is known about the real source of the outside participation to state definitely that it will help or harm the stock market. This in itself, however, is an important fact well worth the recognition of those who are observing the course of the current market. The banker is out of the saddle in the sense that his control over stock market credit is not as effective as it was a few years ago. Investors and traders should recognize that in addition to other uncertain factors which stand over the market at present, the late transition in the call money market introduces a new element of uncertainty.

In the meantime, it will pay the investor closely to scrutinize the brokers' loan statements as they come out each week and, particularly, that item termed "for the account of others."

San Francisco Stock and Bond Exchange

THIS table is published regularly for the convenience of those of our subscribers and readers who are, or may be, interested in leading Pacific Coast securities.

Bank and Public Utility Stocks

	Div. Rate	1928 High	1928 Low	Last Sale Aug. 3
Anglo & London Paris Nat. Bank	$10.00	295	225	253
Bancitaly Corporation	2.24	220¼	100	114
Bank of Italy	5.24	311½	125	176
East Bay Water A, Pfd	6.00	99	86	88
Great Western Power Pfd	7.00	106⅞	103½	105½
Los Angeles Gas Pfd	6.00	112¼	105¼	108⅝
Pacific Telephone & Tel. Pfd	6.00	125½	113½	121
Pacific Gas & Elec	2.00	53¼	43⅞	47½

Industrials and Miscellaneous

	Div. Rate	1928 High	1928 Low	Last Sale Aug. 3
Alaska Packers' Assn	8.00	160	160	160
California Packing	4.00	79¼	69½	71⅝
California Petroleum	1.00	31¾	23⅝	31
Caterpillar Tractor	1.40	78½	53	71¾
Firemen's Fund Insurance	5.00	127	110	113¾
Foster & Kleiser (cm)	1.00	19	12	13
Hale Brothers	2.00	31	25	25½
Hawaiian Coml. Sugar	3.00	56	46	50¾
Hawaiian Pineapple	1.80	52½	41	54½
Home Fire & Marine	1.60	49¼	37½	39
Honolulu Cons. Oil	2.00	43	35	38½
Hunt Brothers Packing "A"	2.00	28¼	22	23½
Illinois Pacific Glass "A"	2.00	62	42	52
North American Oil	3.60	43	36	39¼
Paraffine Common	3.00	109½	79	86
Richfield Cons. Oil	1.00	52	23¼	46
Schlesinger A Common	1.50	27¼	20	22⅝
Shell Union Oil	1.40	29¾	24	26¼
Southern Pacific	6.00	128½	118¼	119
Sperry Flour Common	...	85	60½	72
Spring Valley Water	6.00	120	95	95
Standard Oil of Calif	2.50	62⅞	53	57¾
Union Oil Associates	1.99	57½	41½	51⅜
Union Oil of California	2.00	57¼	42½	50⅜
Yellow & Checker Cab "A"	4.00	58¾	51	52¼
Zellerbach Corporation dep. cts	3.00	49⅞	34	41½

INSURANCE DEPARTMENT

(Continued from page 695)

You are, I take it, without responsibility for the maintenance of father or mother, and in such case with no need for insurance protection for a beneficiary, you might be interested in a Deferred Annuity—or as issued by some companies an "Income Bond"—which calls for annual premiums up to a designated period—to age 55, 60, 65, etc., when a monthly income commences and is payable throughout life thereafter. This type of annuity is written either *with return* of all premiums paid in event of death before the annuity income commences; or *without return.* The premiums are larger of course in the former case when there is a return of premiums to the estate of the insured if death occurs before the designated annuity income date.

The rates quoted above for Endowments are those of a non-participating company. *Particularly* rates would run from 20% to 25% higher, and are reducible by annual dividends. In the long run the cost to the insured works out about the same.

METAMORPHOSIS OF A SUCCESSFUL INVESTOR

(Continued from page 691)

I have learned and how much there still is to find out. Some of my profits may be measured in experience only. Others are in cash, but financial gains have outnumbered losses twenty to one.

My conclusion is that Wall Street or any other market pays for experience and takes its toll from ignorance. Incessant study, patience, exercise of infinite care, deafness to rumors and tips, and capacity to admit an occasional error of judgment are necessary attributes, I believe, of a successful investor. I hope to be able to cultivate those qualities in myself and to help others get them so that some day many of us can deserve to be known as "successful investors."

GUARANTEEING THRIFT RESULTS BY USING A WORKABLE BUDGET

(*Continued on page 693*)

like the proverbial snowball. Just keep every dollar working.

The Co-operative Bank will loan you 90% of your deposit at any time. The rate of interest charged is slightly higher than that which it pays on deposits, but as you are borrowing on deposits the cost through this method is reduced by the interest paid on deposits. To illustrate this point a specific example is stated. The deposits on account of your shares in the Co-operative Bank with accumulated interest we will say aggregate $100. There is an opportunity to purchase a good bond ($100 denomination) paying 5%, at 98. Your savings account is, we will say, only $20, but the bond seems a good buy and you decide to borrow and make the purchase. The National Bank or Trust Company will loan you $80 at 6%, the cost for one year being $4.80, and your return being $5.00.

The Co-operative Bank will also loan you the $80 and charge 6%, but it is a loan against your deposit on which the bank is paying you say 5%. Hence, the net cost to you is only 1% and permits you to accumulate good investments. The loan on your Co-operative Bank shares can be paid the same as your National Bank loan and the transaction is then closed.

These two methods are outlined as it may at times be necessary to use them both. The thought to be kept in mind, however, is to carefully consider each step and, if possible, make an increased saving through investment in securities. At least break even; do not incur a loss; and deposit all excess income. When a sufficient foundation of high class investments such as first grade bonds has been established, consideration may then be given to other classes of securities.

There are doubtless many plans which will give the desired result. This one has been proved workable and successful. It is commended to the readers with the hope that it may be helpful to someone who has a vision and needs assistance in formulating a plan. It only requires high resolve, strength of will and constant application. The reward is Financial Independence.

For Help in Solving Your Life Insurance Problems Consult Our Insurance Department

New York Curb Market

IMPORTANT ISSUES

Quotations as of August 1

Name and Dividend	1928 Price Range High	Low	Recent Price
Albert Pick Barth wi.†	12½	9	10
Aluminum Co. of Amer.	197¾	120	143½
Aluminum pfd. (6)	110¼	105½	107½
Amer. Cigar (8)	162½	132	142¾
Amer. Cyanamid "B" (1.60)	53½	30⅜	35½
Amer. Cyanamid pfd. (6)	103	95	101¾
Amer. Gas Elec. (1)‡	184	117½	164½
American Rayon Products	24	13	18
Amer. Super Power A (1.2)†	56	33⅜	35½
Assoc. Gas Elec. "A" (2¼)	56¾	47	48½
Celotex Co. (3)	69¾	49	52½
Centrif. Pipe (0.60)*	12½	8¼	10⅝
Cities Service New (1.2)†	71¼	54	66
Cities Service Pfd. (6)†	103½	94½	99½
Cons. Gas of Balt. (3)	92⅞	67½	81⅝
Consolidated Laundries (2)*	20¼	14	14½
Durant Motors†	16	9⅛	12
Elec. Bond Share (1)†	127½	76	96⅝
Elect. Investors† (3.50 stk.)	79⅞	40½	60⅜
Fajardo Sugar (10)	165½	148¼	149¾
Ford Motor of Canada (15)	698	510	542
General Baking (new)*	17	6½	9
General Baking Pfd. (new)*	86	74½	75½
Glen Alden Coal (10)†	169	150½	158
Gulf Oil (1.5)†	148½	101½	127
Happiness Candy Stores (50)	9⅝	5½	5⅞
Hecla Mining (0.60)	18	13	14⅞
Hygrade Food Products	45½	25½	39
International Utilities B	19½	6¾	15⅝
Land Co. of Florida†	25	13	13½
Lion Oil Refining (2.25)*	32⅜	20	26½
Lone Star Gas (2)	57	48½	52
Metro Chain Store‡	66	54	58
Mountain Producers (2.60)†	28⅞	22⅝	23
National Fuel Gas (1)	30½	24¾	26½
New Mex. & Arizona Land†	11⅜	7½	7½
New Jersey Zinc (12)	260	180¼	224½
Nipissing Mining (80c)*	5⅞	3½	3⅝
Northern Ohio Power†	32	18	27⅞
Phelps Dodge (6)	148	117	133
Puget Sound P. & L.†	94⅞	34⅝	81
Salt Creek Producers (3)†	35	27	27¾
So'east Pwr. & Lt. (1)	61	40⅝	49⅝
So'east Pwr. & Lt. Pfd. (4)	92	84	87⅛
Stutz Motors*	19	14½	15⅝
Tobacco Products Export†	4⅝	3	3¼
Transcontinental Air Trans.	35½	20½	25½
Trans Lux	7	2¼	3¼
Tubize Artif. Silk† (10)	630	450	499½
Tung-Sol "A" (1.80)	24⅜	19⅝	21½
United Electric Coal (3)	57½	26¼	55
United Gas & Improvem't (4)	150	111¼	135⅝
U. S. Gypsum (1.60)	100	57⅝	58½

STANDARD OIL STOCKS

Name and Dividend	1928 Price Range High	Low	Recent Price
Continental Oil	23	16	16⅜
Humble Oil (1.6)†	84⅞	59¼	79⅝
International Pet. (.75)	51¼	35	39¼
Ohio Oil (2.75)	68¼	58½	63⅝
Prairie Oil & Gas†	56	47	48
Standard Oil of Ind. (3.5)†	83⅝	70⅞	76¾
Vacuum Oil (3)†	87⅞	72	79½

* Listed in the regular way.
† Admitted to unlisted trading privileges.
‡ Application made for full listing.

DURING the past fortnight price movements on the New York Curb Market continued to display irregularity prevailing in other security markets as a result of the uncertainty engendered by the current credit situation. For the most part, however, stocks seemed inclined to go higher, and while nothing occurred which, from a bullish point of view, might be called spectacular nevertheless several individual issues stood out prominently when conditions favored an advance. This usually happened when easing tendencies in the call money rate were manifest, indicating the close attention traders are giving to fluctuations in the money market. The latter part of the second week witnessed a sharp run up in the call rate but this was attributed to the usual money stringency concomitant with month-end requirements. Reactions which took place were nearly always accompanied by a marked decline in the volume of trading.

Interest in the oil group was rekindled on the announcement that the Standard Oil Company of Indiana had raised the price of gasoline, while an advance in mid-continent crude and the government report of a 500,000 barrel drop in total stocks of all oils in the United States in June were also instrumental in bringing about a recovery in oil shares. The Standard Oil group did moderately better, although the general strength here was confined to one or two point advances, and if enough buying power can be aroused to make any impression on the enormous amount of listed oil securities, this group should furnish strong support to the upward swing. Among the independents *Gulf Oil of Pennsylvania* was a strong feature, running up over 5 points and maintaining this advance. With the oil industry in a more favorable position and with continued efforts being made toward further improvement, long range prospects for oil companies and market outlook for their shares are decidedly improved.

The utility group was comparatively quiet, with the exception of *American Gas & Electric* which scored a gain of nearly 10 points on unusually small transactions. Although activity in utility stocks has been rather limited since the broad market of several months ago, the general firmness which characterizes these issues during weakness indicates that over a period of years they will reflect the progressive strides the public utility industry has been making in its remarkable development.

High priced shares did little, although *Tubize Artificial Silk* was weak selling off 25 points and then recovering 20 on the next sale. *Fajardo Sugar* sold down to a new low for the year, reflecting the unsatisfactory trend in the sugar market.

THE MYTH OF A "MONEY TRUST"

(*Continued from page* 669)

information. It is apparent, however, that individual owners of stock are in overwhelming numbers, and that those numbers are rapidly increasing. Corporate ownership is subject to centralized control. Robert S. Binkherd, in an address before the Academy of Political Science in 1925, stated that the number of stockholders in certain selected corporations had increased 99% since 1918, that is, from 2,537,000 to 5,051,499. The companies represented included the railroads, express, Pullman, street railways, gas, electric light and power companies, ten oil companies, five iron and steel companies and 10 large miscellaneous manufacturing and distributing companies. Of the increase of individual owners of stocks, 52% was the investing public, 34% customers of the corporations, and 13% employes.

Ownership of Securities

The Federal Trade Commission made a study of the stockholders of 4,367 corporations and found that individuals (not including brokers, trustees, or foreign holders) comprised over 90%, and held about 65% of the common stock and 68% of the preferred. But about one-third of them owned $500 worth or less of common and preferred stock. Only 1.1% of the stockholders were corporations and the value of their holdings was only 10% of the whole. These figures would indicate a less degree of control of corporations by corporations than is commonly supposed, assuming that the companies studied are a fair sample of corporations.

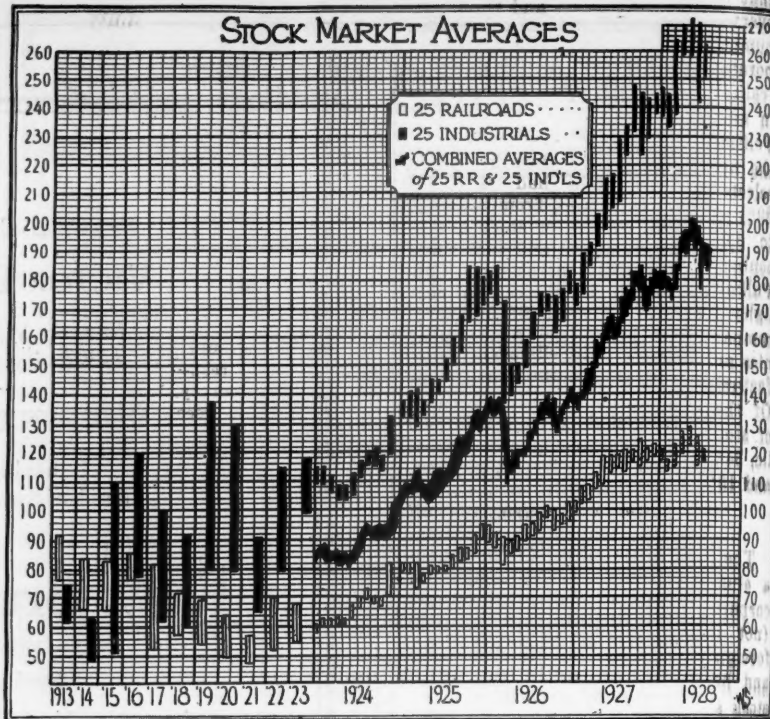
As finance corporations (banks, trust companies, insurance, etc.) stand for the "money trust," if there is one, it is interesting to note that individuals owned 79% of their common stock and were 92% of the total number of stockholders. Federal income taxation statistics show that dividends received by individuals in the $5,000 and less income class increased from 1.8% of the total dividends reported, in 1916, to 19%, in 1925. The higher income classes report less and less dividend income from year to year.

Control of Credit

Turning from wealth in general to money and credit, and coming closer to the proper haunts of the "money trust," the Federal income returns offer an inviting field for the hunt. In 1914, there were only 60 persons in the millionaire income class; by 1925 there were 207, but in 1921 there were only 21 of these fortunate individuals —that year apparently being as hard on millionaires as on farmers.

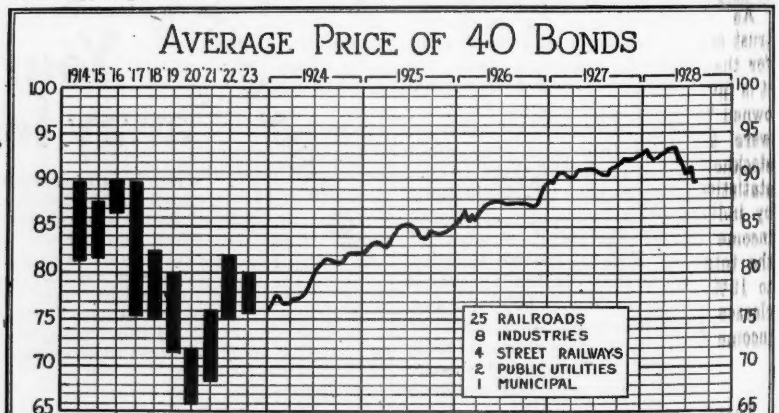
The 206 million dollar incomers who confessed in 1916 had a total income

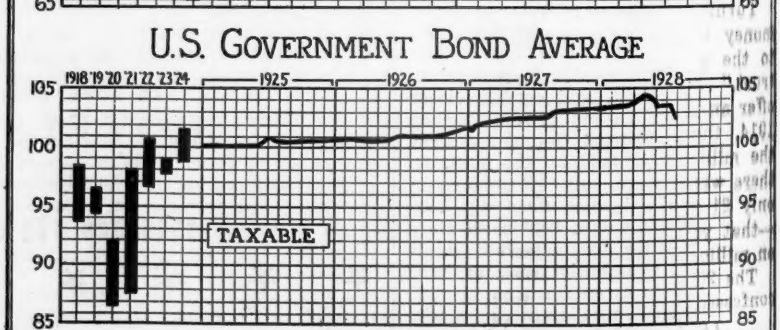
(*Please turn to page* 721)



MARKET STATISTICS

	N. Y. Times 40 Bonds	Dow, Jones Avgs. 20 Indus.	Dow, Jones Avgs. 20 Rails	N. Y. Times 50 Stocks High	N. Y. Times 50 Stocks Low	Sales
Thursday, July 19	89.98	208.73	136.13	189.29	186.08	1,184,210
Friday, July 20	89.95	209.95	135.90	187.11	185.65	1,307,300
Saturday, July 21	89.91	208.79	136.03	187.27	186.17	565,800
Monday, July 23	89.86	210.84	136.65	188.52	186.12	1,395,310
Tuesday, July 24	89.91	212.00	137.25	188.54	186.81	1,764,410
Wednesday, July 25	89.80	213.04	137.50	189.49	187.57	1,703,840
Thursday, July 26	89.76	212.65	137.58	188.95	187.65	1,459,830
Friday, July 27	89.79	215.66	137.84	190.21	188.54	1,792,630
Saturday, July 28	89.80	215.89	137.89	190.90	189.76	856,610
Monday, July 30	89.72	216.62	138.53	191.80	189.63	1,824,700
Tuesday, July 31	89.75	216.00	138.53	190.62	189.17	1,521,950
Wednesday, August 1	89.73	216.78	138.30	191.28	189.08	2,370,620





(Continued from page 719)

of $464,000,000, which was $42,000,000 more than the 207 gilded ones had in 1925. The millionaire-income boys seem to have passed their peak. Obviously, if the littler fellows are increasing their percentage the bigger fellows must be decreasing theirs. But when some 200 persons out of 4,100,000 have 2% of the reported net income of the nation, the lower brackets can stand a good deal of leveling up without becoming purse proud. Perhaps if the 200 massed their $464,000,000 of annual net income they might form a respectable nucleus for an active plutocracy. Doubtless, their money control goes far beyond the proportions their fortunes, or their incomes, bear to the country's total. Between the unknown extent of the control they and other great income receivers have over industrial and financial corporations, they would conceivably be in a key position to make their presence noticeable.

In passing, it is worthy of note that one of their number, Henry Ford, is credited with giving the whole country an uncomfortable period when he suspended production in 1925. What if all of them had done likewise? But could they? They may, however, have a lot to do with directing the 196 corporations out of 430,000 that enjoyed about one-third of the total corporation income in 1925.

While on the income phase of the general topic, attention should be called to the fact that income has more bearing on "money trust" possibilities than accumulated wealth has. Income from year to year represents the mobile wealth. It is the part of wealth that can be readily used to establish control over current economic life. Labor gets as high as 60% of the gross national annual income, but it is not in a position to wield it as effectively as capital's 40% may be wielded. Forty per cent may seem a dangerous proportion of the national income to go to a few millions of people—largely to a few hundred thousands—but, on the contrary, it may be convincingly argued that it is, rather, a favorable proportion. The 60% has but a small margin that can be saved and massed as productive capital; it is too diffused. The 40% makes industrial expansion, and so affords more wealth making and more earned income. Granted that if the relatively small number of persons who get the 40% should act in unison to establish a trust of current income they would be a plutocracy, but in America there is no class loyalty among the wealthy; they do not scheme to establish a wealthy class.

Perhaps we shall be reminded here that, after all, it is not so much the men of great wealth, or of great incomes, who would compose a money trust, as it is the custodians of money and the credit that is based on wealth—the financial institutions. The banks deal principally in intangible commodities that belong to others. What of them?

(Please turn to page 723)

Statistical Record of Business

	Week Ended July 28, '28	Week Ended Aug. 4, '28	Year Ago
Volume Stock Exchange Transaction (shares)	9,025,920	10,894,870	13,250,141
Average Price Magazine of Wall Street Index	127.6	128.2	108.4
Volume Bond Transactions	$39,291,750	$40,066,850	$66,930,600
Average Price 40 Bonds	89.91-89.76	89.75-89.61	91.61-91.25
Brokers' Loans (Federal Reserve)	†$4,183,919,000	‡$4,259,396,000	$3,171,845,000
Comm'l Loans Federal Reserve Member Banks	$8,987,651,000	$8,966,032,000	$8,380,328,000
Federal Reserve Ratio	69.9	68.6	77.8
Gold Holdings	$2,761,185,000	$2,755,565,000	$3,162,275,000
Rediscount Rate, N. Y.	5%	5%	4%
Debits to Individual Accounts	†$13,171,557,000	‡$14,492,927,000	$13,748,327,000
Call Money	5½%	6%	3¾%
Time Money (90 days)	6%	6%	4¼-⅜%
Commercial Paper	5¼%	5¼%	4-4½%
Acceptances (90 days)	4¾-⅝%	4¾-⅝%	3¼-3⅛%
Dun's Business Failures	356	424	388
Weekly Food Index (Bradst's)	$3.36 (July 1)	$3.38 (Aug. 1)	$3.15 (July 1)
Wholesale Prices (Bradst's)	$13.14	$13.19	$12.58

Industrial Barometers

	May	June	Year Ago
U. S. Steel Unfilled Tonnage	3,416,822	3,637,009	3,053,246
Steel Ingot Production	4,203,190	3,742,964	3,468,055
Pig Iron Production	3,283,861	3,082,000	3,089,651
Pig Iron Furnaces in Blast	198	189	198
Automobile Production	426,096	396,714	321,960
Building Permits (Bradstreet's)	$321,702,186	$319,051,880	$311,564,133
Petroleum Production (bbls.)	75,218,000	**71,000,000	74,538,000
Bituminous Coal Production (net tons)	36,624,000	35,963,000	36,627,000
*Copper Production (short tons)	73,729	72,954	69,540
Cotton Consumption (bales)	577,710	510,565	659,841
Spindles active	29,060,360	28,624,188	32,756,862
Wool Consumption (lbs.)	43,911,051	41,282,089	45,005,607
Railroad Earnings	$88,179,013	$90,774,159	$86,077,707
% on Railroad Property invested	4.71	....	4.70
Car loadings	4,006,058	4,923,304	4,995,854

Foreign Trade

	May	June	Year Ago
Merchandise Exports	$423,000,000	$390,000,000	$356,947,000
Merchandise Imports	$355,000,000	$317,000,000	$355,148,000
Gold Exports	$83,689,000	$99,932,000	$1,840,000
Gold Imports	$1,968,000	$20,001,000	$14,611,000

Distributive Trades

	May	June	Year Ago
Mail Order Sales	$40,074,310	$44,848,365	$36,038,573
Chain Store Sales	$102,400,393	$108,262,086	$91,089,001
Dept. Store Sales (index number 1923-5—100%)	107	103	101

* U. S. Mines. † July 25. ‡ Aug. 10. ** Subject to revision.

(Continued from page 721)

The banks are the vascular system of the wealth body. They have the fluid wealth in their possession, and the solid wealth is nourished by it. That stream of fluid wealth waxes greater and greater, as the banks come more and more to hold the money and manufacture the nation's credit.

Their resources are ten times as great as they were in 1890; but since that year population has not quite doubled and national wealth has only quintupled; per capita the banks resources went up from $120 to $600. Evidently, the banks have twice as large a proportion of the public's wealth in their hands as they had thirty-eight years ago; their power is relatively twice as great. Their investments have increased from $1,172,000,000, to near $16,000,000,000; their loans from $3,839,000,000 to $33,833,000,000—yet their cash on hand is but twice what it was in 1890 and only two-thirds as much as in 1915. Immensely greater profit making equipment and with relatively little idle cash. With $62,000,000,000, one-tenth, of the nation's wealth in their ownership or custodianship and most of its liquid capital included, they are statistically in a position to dominate. Collectively, they do dominate the nation's commercial life, but not concertedly. There is no concert among them. There are 27,000 banks of all kinds in the United States.

There is nothing here comparable to the eleven chartered banks of Canada, the eleven of France and the "Big Five" of England. It is impossible for a few bank officials to get together here and plot to rule. But the tendency is toward fewer and bigger banks; branch banking has crept in, chain-banking is growing; ownership of banks by banks is increasing and mergers are fashionable.

There are 2,000 fewer banks in 1928 than in 1925. The McFadden act of 1927 authorized branches of national banks within certain limitations, but there has been no rush as yet to establish such branches. Half of the national branches established since the act was approved have been brought into the system through the conversion of state branch banks into national banks or consolidation with state banks.

The American banking community is sentimentally opposed to branch banking—and so is the public. It is a question, though, how effective sentiment will be against the general economic centralization of the era. The centralizing tendency seems to be wearing down American individual banking by a flank pressure through chain banking and the investment trust modification of regular chain banking. The chain bank corporations proper have usually founded their banks; the corporation being formed for the purpose of establishing local banks which it would control. Investment trusts have been established in recent years that confine their operations to bank stocks. Some of them operate purely on an investment basis, with no purpose of control,

Bonds Called for Redemption

Company	Rate	Maturity	Amount	Price	Redemption Date
Aluminum Co. of Amer. deb	5%	1952	$20,000,000	105	Sept., 1928
Amer. Agri. Chemical 1st ref. ser. "A"	7½%	1941	$2,500,000	103½	Aug., 1928
American Ice 1st r. e	6%	1942	$5,037,000	102½	Aug., 1928
American Steel Products 1st	6%	1932	$17,000	101	Sept., 1928
Argentine Nation internal	4½%	1888	$410,000	100	Sept., 1928
Cespedes Sugar 1st	7½%	1939	$77,000	105	Sept., 1928
Chic., Burl. & Quincy R. R. eq. nts	6%	1929-35	$2,828,000	103	July, 1928
Chic., Mil. & St. P. Ry. 10 yr. 1st sec.	6%	1934	$14,000,000	102¾	July, 1928
Childs, R. E., ser. "A" & "B" gold bds.	—	1939-32	V.B.	110	Sept., 1928
Chile (Republic of), ext. 20-year	8%	1941	$24,000,000	110	Aug., 1928
Chinese Gov't	5%	1952	$427,000	100	Sept., 1928
Cities Service ref. deb	6%	1966	$24,545,000	104	Nov., 1928
Comm'lth Light & Pow. 1st	6%	1947	All bonds	105	Nov., 1928
Comm'lth Pub. Serv. 1-yr. coll. tr. ser. "A"	5%	1928	$500,000	100	Aug., 1928
Conn. Lt. & Pwr. 1st & ref. Ser. "B"	5½%	1954	$63,000	107½	Aug., 1928
Cuba (Rep. of)	5%	1944	$990,000	100	Sept., 1928
General Transit 1st	7%	1929	All bonds	102	Aug., 1928
Gt. Brit. & Ireland (Un. King.) Victory Bonds Bank of Eng. issue	4%	1976	$11,775,000	100	Sept., 1928
Gt. Brit. & Ireland (Un. King.) Victory Bonds, P. O. issue	4%	1976	$518,000	100	Sept., 1928
Houston Gulf Gas 2 yrs. sec. nts	6%	1929	$2,500,000	100	Oct., 1928
Liquid Carbonic 1st mtg. cv. s. f	6%	1941	$56,000	105	Aug., 1928
Locomobile Co. of America 1st	6%	1942	$75,000	100	Sept., 1928
Marconi Wireless Tel. Ltd., deb	6½%	1932	All bonds	105	Oct., 1928
Mid-Cont. Petrol. 1st 15-yr. s. f	6½%	1940	$144,000	105	Sept., 1928
N. Y., N. H. & H. R. R. eq. nts	6%	1929-35	$2,663,000	103	July, 1928
N. Y. Telephone 30-yr. deb	6%	1949	$269,000	110	Aug., 1928
Oil Well Sup. Inv. 5-yr. coll. tr. nts	5½%	1932	$2,400,000	102	Sept., 1928
Panama (Rep.) ext	5%	1944	All bonds	105	Nov., 1928
Panama (Rep.) ext. sec	6½%	1956	All bonds	103	Dec., 1928
Panama (Rep.) ext	6½%	1961	All bonds	103	Dec., 1928
Pan-Amer. Pet. & Trans. 10-yr. cv	6%	1934	$452,000	103	Aug., 1928
Paris-Orleans R. R. Company	7%	1954	All bonds	103	Sept., 1928
Penn. R. R. eq. tr	6%	1929-35	$27,258,000	103	July, 1928
Phila. Co. 1st ref. & Coll. tr	6%	1944	$12,035,000	103½	Aug., 1928
Rutland R. R. eq. nts	6%	1929-35	$115,000	103	July, 1928
St. L.-San Fran. Ry. P. L. Ser. D	5½%	1942	$17,173,000	102½	July, 1928
St. L.-San Fran. Ry. Adj. Ser. A	6%	1955	$40,533,000	100	July, 1928
St. L.-San Fran. Ry. inc. mtge. "A"	6%	1960	$35,172,000	100	Oct., 1928
Schulco Co., Inc., gtd	6½%	1946	$12,000	103	July, 1928
Schulco Co., Inc., gtd. "B"	6½%	1946	$14,000	103	July, 1928
Southern Cal. Ed. gen. & ref	5½%	1944	$10,225,000	105	Aug., 1928

V. B.—Various Bonds. N. S.—Not stated.

but others, like the Bancitaly Corporation, deliberately seek control. National banks are not immune to this attack, but under the law it is impossible for them to be operated other than as units. Every national bank must face Federal examination as an independent entity, although there is nothing to prevent common stock ownership of all the nationals. Nevertheless, the champions of the independent banking practice and the Federal government banking officials are alarmed by the progress of chain-banking in the investment-trust form. It may be that these corporations will be subjected to much the same regulation and supervision as the banks themselves.

The Pujo committee, an the trial of the money trust in 1912, was convinced that the late J. P. Morgan was the financial dictator and money-trust incarnate of Wall Street, and so largely of the nation. His influence, however, was largely moral and intellectual, and no man or group of men has filled his shoes. The money and credit of the United States have since become so vast that it is improbable that any individual or group can control them under present banking systems.

The power of money is greater than any money power.

It simply cannot be "cornered" and is too great for profitable service, and has too great opportunities, to be concerned about monopolistic power. That is not to say that there is not a powerful urge for big business and expansion in banking, as in other activities; but it is not an urge toward tyrannical control—it is merely a rush for more business. The American banker becomes more and more of a seller of credit, instead of a hoarder of it. His purpose is to do business, not to compel business to come to him. In this he is entirely hard-boiled and without a trace of altruism. He is after the money, and in the best way he knows. He may be headed toward a money-trust, but he is not conscious of it.

So far, we have not marked down the "money-trust" and perhaps in the sense we had in mind when we took up the hunt there is not now and may never be anything like a money trust in the United States—no open or secret control of money, on a national scale, to gratify private ambition or greed.

But there is a money trust in one sense—and it is called the Federal Reserve System. Perhaps it is the reason of our failure to locate the sort of financial ferocious beast we were looking for. This trust is fathered and controlled by that foe of all other, except agricultural, trusts— your Uncle Sam. No other money trust can amount to much alongside this Goliath of the world's money and credit controls. But what if underneath Uncle Sam's legal control there is an extra-legal intellectual control? What if the Federal Reserve Board but acts as great bankers will behind the scenes? That question is sometimes asked in all seriousness. It has the lure of mystery and the fascination of the occult—and that's about all.

Building & Loan Associations

We will be glad to answer questions regarding the protection afforded to investors in Building & Loan Association by the laws and regulations of the states in which they are located, Address Building & Loan Ass'n Dept. c/o The Magazine of Wall Street, 42 Broadway, New York City

Florida

Third Liberty Loan Bonds

Mature Sept. 15, 1928

The U. S. Third Liberty Loan 4¼ Bonds mature Sept. 15, 1928, and cease to bear interest thereafter.

Holders of these bonds who desire to convert them promptly into a conservative safe investment may do so through the Lakeland Building and Loan Association, at current market prices.

We will be glad to supply detailed information for the re-investment of such funds.

Lakeland Building & Loan Association

Assets Over One Million

P. O. Drawer 629 M.W., Lakeland, Fla.

Booklet for Investors

Our booklet, "8% and Safety," tells the story of the Orange County Building and Loan Association, located in prosperous Orlando and Orange County, Florida. Assets have grown from $11,000 to $3,340,997.81 in six years. $641,633.78 has been paid in dividends to over 3,000 stockholders. Has always paid 8%, payable semi-annually. Shares offered at par, $100, without bonus or commission of any kind. Write for booklet.

Orange County Building & Loan Association
Orlando, Florida

Oklahoma

1927 WAS THE BEST YEAR IN OUR HISTORY

We paid our investors more than $431,000.00 in semi-annual interest dividends; set aside $45,000.00 in reserve fund to protect our investors, making this protection fund approximately $155,000.00 at this time; and closed our books with 27 borrowers out of 2,200 owing us only $1,175.66 in delinquent interest.

Our Eighteenth Semi-annual Report to investors is ready for distribution giving full details about every department of our business. We shall be glad to send you a copy. Remember! We pay 6½% on full paid investments and 7½% on savings.

Ponca City Building & Loan Co.
Masonic Bldg., Ponca City, Okla.
Name ....
Address ....

Notice to B. & L. Investors

The advertisement of the Bankers Bldg. & Loan Ass'n of Denver, Colorado, which appeared in the July 14th issue of The Magazine of Wall Street, was incorrect. It should have read "Interest Payable Either Quarterly or Semi-Annually." This typographical error is regretted.

Colorado

7% Guaranteed INCOME

Short-term Full-paid certificates maturing in five years. Secured by first mortgages on homes in and around Denver, plus a contingent reserve fund and rigid State Supervision.

Issued in units of $50 to $5000.

DIVIDENDS PAYABLE EITHER QUARTERLY OR SEMI-ANNUALLY

Interest to $300 exempt from Federal Income Tax

Write for Booklet MW

"THE OLD CONSERVATIVE"

THE BANKERS BLDG. & LOAN ASSOCIATION

1510 Glenarm St. Denver, Colo.

Member Colorado State League and United States League of Building & Loan Associations. The Colorado Bankers' Association.

6½% Guaranteed Income

Full-paid 5-year Time Certificates. Issued for $100 to $10,000 in bond form with quarterly or semi-annual interest coupons. Monthly income easily arranged. Exempt Federal Income Tax to $300 interest yearly. Transferable and renewable. Joint ownership permitted. Protected by the safest known type of city real estate mortgages—plus the largest permanent capital in Colorado.

Our recent reduction of interest to 6½% on Time Certificates enables us to loan at a rate under the average market, giving us the choice loans with best security. *Write for folder "C."*

SILVER STATE
Building and Loan Association
1648 Welton St. Denver, Colo.

MEMBERS: The Colorado Bankers Assn., and the Colorado State and United States Bldg. & Loan Leagues.

Texas

8% If You Have $100

or more you can invest in our Fully Paid Shares and receive dividends at the rate of 8% per annum, paid semi-annually.

We also issue Monthly Installment and Prepaid Shares. *Write for information today.*

MIDLAND BUILDING & LOAN ASSN.

SANTA FE BLDG. DALLAS, TEXAS

Texas

SOUTHLAND INVESTMENT CERTIFICATES 7%

(Full paid or prepaid Shares)

Dividends Payable January and July

Issued in amounts of $500, and up in multiples of $100. Dividends payable from date of issue to withdrawal. No fees or impositions of any kind. Assets $1,750,000. Write for folder "Building and Loan as an Investment" and Financial Statement.

SOUTHLAND BUILDING & LOAN ASSOCIATION

G. A. McGREGOR, V. Pres. & Secy.

1204 Main St. Dallas, Texas

7% With Safety

Our Full Paid Certificates, secured by First Mortgage Notes on improved real estate, pay 7% per annum—dividends payable July 1st and January 1st.

Installment and Prepaid Certificates are participating and now earning 8%. State supervision insures the safety of your investment.

Located at El Paso, Texas, where real estate values are not inflated.

Send for descriptive literature

People's Bldg. & Loan Ass'n

Authorized Capital $15,000,000

205 No. Oregon St., El Paso, Texas

8%

We pay 8% cash dividends payable quarterly on Fully Paid Shares.

San Angelo Bldg. & Loan Assn.
(Under State Supervision)
20 West Twohig San Angelo, Texas

Louisiana

7% On Savings

Secured by First Mortgages on New Orleans Real Estate

Write for Booklet

Reliance Homestead Ass'n

Supervised by State Banking Dept. of Louisiana

207 Camp St., New Orleans, La.

POSITION AND OUTLOOK OF STEEL INDUSTRY

(*Continued from page* 683)

talization and capital funds employed is the largest industrial organization in existence. Production now is about 40% of the country's whole. Enormous reserves of raw materials of all essentials are controlled together with 4,000 miles of railroad and a fleet of steamships.

Organized in 1901 with practically no assets back of the common stock the book value of each of the 7,116,235 shares outstanding December 31, 1927, after distribution of the 40% stock dividend during the year, was over $205. Profit and loss surplus as of the same date amounted to $363,045,000 and current assets exceeded current liabilities by $424,337,000. This tremendous development has been the result of surplus earnings left in the business because of a conservative dividend policy.

Earnings for the ten-year period ended 1927 averaged about $8.95 per share—on the basis of the total stock outstanding after the recent stock dividend—and for the same period and on the same basis dividends paid, including extras, amounted to about $5.70 per share. Based on the present stock earnings for 1925 were $9.20 per share, for 1926 they were $12.85 and for 1927, $8.81. For the six months ended June 30, 1928, net profits equaled $4.86 per share against $5.60 for the same period a year ago. Results for the last half of 1927 were disappointing and the outlook is for an improved showing over the corresponding months this year.

Dividends at the rate of $7.00 per annum are paid and at the current price of 140 the yield is about 5%. Although the favorable outlook appears to be rather well discounted at present price levels Steel is an attractive investment for long pull holding especially in case any general market reaction makes it available at somewhat lower figures.

YOUNGSTOWN SHEET & TUBE CO. Ranking second only to Bethlehem among the independents, Youngstown has a total ingot capacity of over 3,000.000 tons annually. Like the other large producers the company controls vast reserves of coal and ores and is a complete unit in the industry.

During the past few years much of the old equipment has been scrapped and vast sums have been spent in modernizing the plants for the purpose of reducing costs and improving the competitive position. Expansion has been mainly from earnings. Mark Manufacturing Co., a small producer in the Chicago district, was absorbed last year, but a merger with Inland

(*Please turn to page* 731)

THE CRITICAL POINTS IN THE OPERATION OF THE DAWES PLAN

(Continued from page 665)

also achieved its primary object, by securing from the very beginning the expected reparation payments and transfers to the creditor Powers. But the success of the Plan should not obscure its true nature. The experts themselves did not recommend the Plan as an end in itself but rather as the means to meet an urgent problem and to accomplish practical results. They aimed primarily to provide for the recovery of Germany's reparation debt to the Allies, and more broadly to provide for the reconstruction of Germany, not merely as the means of securing the payment of reparations but also as 'part of the larger problem of the reconstruction of Europe.' I believe, as indicated in the conclusions to my last report, that from both standpoints the fundamental problem which remains is the final determination of Germany's reparation liabilities, and that it will be in the best interests of the creditor Powers and of Germany alike to reach a final settlement by mutual agreement 'as soon,' to use the concluding words of the experts, 'as circumstances make this possible.'"

At the root of the problem it is generally conceded, is the question of transfers. So far that problem has been minimized by the large foreign borrowings which have supplied a broad foreign exchange market in Germany. How long will this continue to be the case? Authorities differ on that. George P. Auld, former Accountant General of the Reparations Commission, in a report he has just made for the National Foreign Trade Council, insists that we have nothing to fear on this account, that so long as the confidence of the American investor in German securities continues the payments can be easily transferred out of Germany. It is the dollar exchange made available to Germany through American loans that furnishes the instrument for these transfers.

Mr. Auld points out that the rest of the world owed Europe $50,000,000,000 in present dollar values just before the war. Besides that stupendous sum the $16,000,000,000 owed the United States today through commercial and inter-ally war debts seems small. Debtors paid regularly in former times and creditors were perfectly willing to accept new obligations as old ones were paid off. The increasing volume of foreign lending did not then give concern, and it should be fifty years at the present rate of increase in our foreign debts before we stand in the creditor position toward the rest of the world that Europe occupied in 1913.

Of course this is having full confidence in the future and it may after all prove that Mr. Auld is perfectly correct. But there are mundane realists in the financial world who would prefer to protect themselves against any possible contingency, and they can foresee the possibility that Germany may cease borrowing abroad within two or three years from now. Then the full responsibility of making transfers on reparations account would fall upon the export surplus. If that surplus is not sufficient, some authority will have to step in and say whether service shall be made on reparations first or whether service shall first he made on account of private borrowings. In that case the transfer problem will compel a further revision of the Dawes Plan.

The issue may be avoided if the reparation payments are commercialized, i.e., the total amount of the payments due determined and a bond issue floated to cover that sum in full. Such a loan would then place the debt in the same position that the existing foreign loans are held. That there is a concerted demand for serious consideration of this suggestion has been indicated in unofficial reports from Washington, Paris and other capitals.

First, of course, it must be determined what will be the sum total of the reparation debt of Germany. The Allies have not fixed it, and Germany is demanding to know. At present it can be only surmised. The railroad bonds and the industrial debenture bonds which constitute a part of the payments under the Dawes Plan were issued for a period of 32 years. It is assumed therefore that it is to be expected of Germany to pay the maximum reparations of 2,500,000,000 gold marks for a period of 32 years. It is a mathematical problem to figure out what these payments are worth if funded into a bond issue. The total sum may represent anything between $7,000,000,000 and $12,500,000,000 with sentiment leaning toward the smaller figure.

Should the full reparation figure be determined now, the way would be opened up to provide a world-wide bond issue to substitute for and to make possible the cancellation of the present annuity payments. The consensus of opinion is leaning toward this solution of the problem. Its acceptance depends much upon France for she is receiving better than one-half of the payments made.

Such a commercialization of the reparations might be seized upon by the die-hard critics of the Dawes Plan as further evidence of its impracticability. And it is doubtful if such a solution would be effected without giving them cause for new objections. But inasmuch as it is a solution that has been broached informally in high quarters it is one that should be given serious and constructive consideration.

Back in 1921, before the Dawes Plan was initiated, it was being figured that the reparation debt of Germany would total 132,000,000,000 marks. Of course the Plan devised by the experts had no

intention of fixing the amount of reparation payments, but was concerned with the establishing of an orderly machine whereby collections of tangible amounts could be realized. The maximum yearly payments agreed upon amount to 2,500,000,000 marks, which, if capitalized at 6% (5% and 1 for amortization) would aggregate 42,000,000,000 marks, or approximately $10,000,000,000.

Actual commercialization of this fund depends not alone upon the ability of the financial markets of the world to absorb the bond issue, but likewise a consideration of the burden of debt payments on the part of the Allies to the United States. England has stipulated the formula that she desires to collect no more in reparations and on debts due her than she has to pay over to the United States. It has been figured that in 1930 England should obtain £33,000,000 a year from debts and reparations and will have to pay £38,000,000 a year to the United States. Italy has struck a balance between income and outgo on this account.

The French point of view has been expressed by M. Poincare, who has declared that France "would accept a combination which by marketing German bonds under the Dawes Plan will enable the Allies and Germany to pay their debts more quickly." Inasmuch as France receives 54½% of the German payments she has a surplus which can be used in reconstructing the devastated regions. But the country is still behind in payments on reconstruction and it is doubtful whether France is willing to assume any further obligation in that regard. Because France does not elect to carry any greater part of the cost of reconstruction in her current tax budget, she is delaying the conclusion of a debt agreement with the United States.

Out of the total reparations payments made by Germany to the Allies approximately $235,000,000 is to be paid by them over to the United States on account of the debt. This sum represents about 60% of the payments heretofore made by Germany, but will probably represent no more than 40% of the maximum annuity payments. It must be remembered that not all of the reparations go to nations in debt to the United States.

According to the plans drawn for the settlement of the war debt to the United States there will be ascending scales of payments during the years to come. This, so far designed, is not contemplated under the maximum annuities now reached under the reparation payments plan. Therefore it is reasonable to assume that no final conclusion of the reparations will be sanctioned by the nations directly involved until there is a like reconsideration of the American debts.

Despite these doubtings on the diplomatic side, the basic conditions in Europe are highly favorable to a more reasonable conclusion of the reparations problems. Financiers concede that some practical solution must be reached sooner or later and with the continued economic improvement in Germany and the establishment of confidence in the German government, this expectation is apparently reasonable. The Agent General once had reason to caution Germany against too extravagant borrowing, and the calmer judgments in the country acquiesced. The Reich has set up a more rigid control of the internal debt, restrained the states and the communes in their borrowings and endeavored to restrict expenditures. As a consequence the budget is being balanced and the exchange market is not being thrown out of alignment by the excessive floating of loans abroad.

The general economic activity of Germany has continued on a high level, and the physical volume of production and trade has reached satisfactory dimensions. This has been somewhat offset by increases in wages followed by increases in prices, yet the change has not been sufficient to cause any considerable check to the export trade. As a matter of fact the volume of exports of German manufactured goods is today larger than at any time since the Dawes Plan was put into effect. Some doubt has, however, been expressed as to whether domestic prices can advance much more without limiting the internal market, and higher prices if applied to exported goods would endanger Germany's export capacity and go far to cancel the advance in foreign trade thus far attained.

Active business at higher prices very naturally demands more credit and not all of this can be conveniently obtained at home. There has consequently been a tremendous pull from the outside compelling a larger reliance upon foreign money. Due to two inferior crops German agriculture is carrying an unusually large short-term debt, which it is now endeavoring to translate into some manageable form. These factors may complicate the situation somewhat, but despite it all there is every reason to have confidence in the ability of Germany and the Germans to meet their obligations.

Due to the revalorization of the mark, the country is singularly free of internal debt. As measured by modern scales the German debt, internal and external combined, is not large. It would not be unmanageable, according to banking authorities, even should the reparations be commercialized.

Finally there is this factor to the situation. Germany, as one of the major powers of the world, does not care to be placed in the ignoble position of having her financial affairs managed from the outside. She does not consider herself in the need of a protectorate, and Germany will not be able to hold her head up in the council of the nations until she is permitted to assume full responsibility not alone for her announced debt but for the collection and the transfers incident thereto. International bankers are anxious that the problem shall be resolved in such a manner, as that is the only proper road for the continued normalization of the affairs of Europe.

TRADE TENDENCIES

(*Continued from page* 698)

slightly, present rate of operations for the industry being a trifle over 70% of capacity, a 3% gain over the corresponding period of last year. Several finished steel lines show larger outputs than in previous weeks, notably in pipe and tin plate mills. Although in the aggregate order volume is of fair size, individual lots are small with the buying conservative. Important consumers, however, are still active purchasers, since demand for their own products has not shrunk to any appreciable extent. These are the automobile, building and agricultural implement industries; in practically all of which present rate of operations is unusual for this time of year. Demand from the railroads and oil companies is improving with prospects of a heavier movement of steel into these consuming channels more favorable than in some time.

Earnings reports for the second quarter show a good gain over the first, although results for the first half are below those of the same period in 1927. The generally higher tendency of prices during the present quarter should permit more liberal return to leading companies.

MEAT PACKING

Position Improves

While 1927 was decidedly poor for the meat packing industry from the standpoint of profits, efforts made in that year to stabilize conditions are at last bearing fruit and a point appears to have been reached where definite recovery of the industry is now assured. A favorable development which occurred late in the year was the settling of the long and costly South American meat war; as a result trade with that country has been on a more profitable basis, materially aiding the upward trend in earnings.

The unsatisfactory showing made by packers last year was also due to depressed hog and pork products prices. Meat packing companies accumulate pork inventories during winter months and distribute them in the summer. If prices are low during the accumulating period and high during the distributing period the chances are companies will realize a fairly good profit. But if, as happened in 1927, the situation is the reverse then reduced earnings are likely to be experienced. This year packers are in an excellent position to realize a handsome profit on their storage stocks in view of higher price levels, while currently the seasonal demand for hogs is more active. The only danger, however, is that a too rapid advance in prices might cause

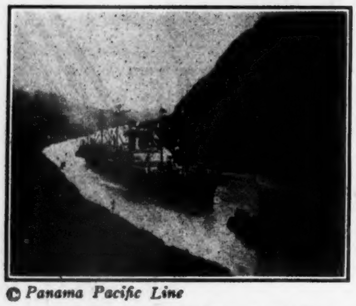
Coasting Down the Coast

OLD Man Winter is casting a furtive eye along these parts, and the calendar tells us he's not many moons away.

Now, then, is the time to select a trip to be taken when Jack Frost spreads his blanket of snow. We would suggest a delightful trip down our own Eastern coast, with stop-overs at neighboring islands, through the Panama Canal, and then up the Pacific Coast to California. Really, this combination possesses untold charm and possibilities.

A pleasant two-day sail brings us to a group of islands shaped like a shepherd's crook—Bermuda, the land of gorgeous flowers. The fine coral roads offer a variety of walks and drives through fields of the well-known Bermuda lilies and oleanders. Palms of all kinds, royal, sago and cocoanut grow in the greatest profusion, as well as orange, lemon, and lime trees, citrons and prickly pears.

There's a very good golf course and tennis lovers are well provided.



© *Panama Pacific Line*

GOING THRU THE CANAL

We're steadily going South now, and soon we sail the old Spanish Main. There, in the distance, rise the gray walls of Morro Castle, at the entrance to the beautiful harbor of gay Havana.

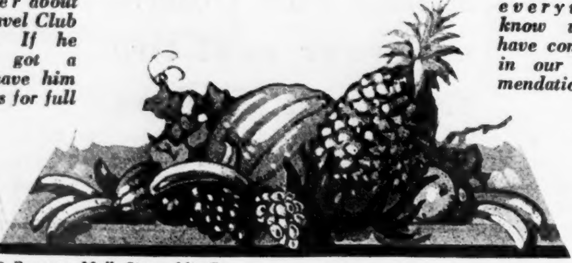
Carefree Havana is one of the most colorful cities of the Western World. The houses are painted soft greens, and blues and yellows, and the roofs are of red. Through the broad entrances one glimpses cool *patios,* where family life is conducted in shade and privacy to the music of tinkling fountains. In season, however, it is a miniature Monte Carlo.

Then down the Caribbean Sea to Cristobal, the Atlantic side of the Panama Canal. From this end the Canal follows the Valley of the Chagres River. It passes through the ridge of the Continental Divide in Gaillard Cut, and descends to the Pacific, down the valley of the Rio Grande. Balboa is a modern city, at the Pacific terminus.

And now for a nice sail up the Pacific. There is dancing on deck, where you are cooled by soft, tropical breezes, while in the southwestern horizon gleams the Southern Cross and to the north is our own Big Dipper.

Yea, they are pleasant and happy days on board ship, and it seems that all too soon Los Angeles or San Francisco is sighted and we join the chorus "California, here we come."

Ask your local banker about the Travel Club idea. If he hasn't got a club, have him write us for full details. Bankers everywhere know us and have confidence in our recommendations.



© *Panama Mail Steamship Co.*

Are you contemplating a trip? We'll be glad to supply you with details if you will fill in this coupon.

Travel Bureau, The Magazine of Wall Street, 42 Broadway, New York, N. Y.

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August 11-28

heavy selling of supplies which, although not excessive, show a substantial increase over last year. With export demand improving, however, little difficulty should be encountered in sustaining present price levels. Beef has been consistently strong at slightly under the high levels of January, reflecting the limited cattle supply, and demand has been holding up fairly well in spite of continued strength.

A general recovery in by-products markets is also proving an important factor in increasing packers' earnings. Marketing conditions for leather have shown vast improvement, with the outlook brighter than in some time, while fertilizer sales are contributing generously toward placing the meat packing industry in a healthier condition.

TOBACCO

Retail Sales Disappointing

Keen competitive conditions, a besetting ill in a number of important industries at the present time, have reacted to at least a slight disadvantage on the heretofore impregnable position of the tobacco industry. Toward the latter part of April manufacturers of leading brands of cigarettes reduced wholesale prices to dealers in the hope that this would be reflected in larger volume of sales; but with the failure of dealers to pass the cut on to consumers no material sales increase has been gained and recently there has been some talk of rescinding the lower scale of prices which was put into effect some months ago. While price warfare has not seriously affected the earning power of strongly intrenched companies, nevertheless some loss of revenue has been incurred. This is being partly offset by a curtailment in expenses and by larger demand brought about by an increasing number of women smokers. The larger companies continue to install more efficient and labor saving machinery and the savings thus achieved will prove an important factor in maintaining profitable operations.

Cigarette consumption since 1920 has shown a steady upward trend, although the percentage of gain in the first five months of this year has been relatively smaller than in previous years. In the event that dealers see fit to allow the public to participate in price reductions, there is a probability that much better results will be witnessed in the balance of the year.

In the cigar making branch of the industry the situation is not very encouraging, both consumption and output showing a downward trend in the first five months in comparison with last year, with a corresponding drop in earnings. Large manufacturers, on the other hand, have been able to effect liberal savings in expenses through the use of the most modern machinery, while concentration on special brands has aided sales volume and provided support to profit margins.

(*Continued from page* 726)

contemplated early in 1928 was later abandoned.

Although the output is better diversified than formerly Youngstown is still the largest pipe producer making its prosperity closely allied with activity in the oil industry—explaining the sharp decline in 1927 earnings.

The balance sheet as of June 30, 1928, showed a very strong financial position with a ratio of current assets to current liabilities of almost 10 to 1. Net working capital was $72,400,000 and cash was $13,836,000.

Earnings have shown considerable irregularity. The following figures show earnings per share available for the common stock in recent years: 1925, $12.38; 1926, $14.32; 1927, $6.10. For the first half of 1928 earnings reported as available for the common stock amounted to $3.67 per share, with the outlook for a considerably better showing for the balance of the year.

Dividends at the rate of $5.00 *per year are being paid and the current market price of the stock is around* 89, *offering a yield of* 5.6%. *At the present level Youngstown appears conservatively priced and definitely attractive for investment and income purposes. Should new merger plans on a favorable basis be developed the price would be stimulated.*

For Feature Articles to Appear in the Next Issue
See page 685

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The books, booklets, circulars and special letters listed below have been prepared with the utmost care by business houses of the highest standard. They will be sent free on request, direct from the issuing houses.

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A convenient record book for listing bond holdings, interest payments, profits, etc. Title heading of book, "My Investments." A limited number is being distributed gratis by a leading Bond House. (285).

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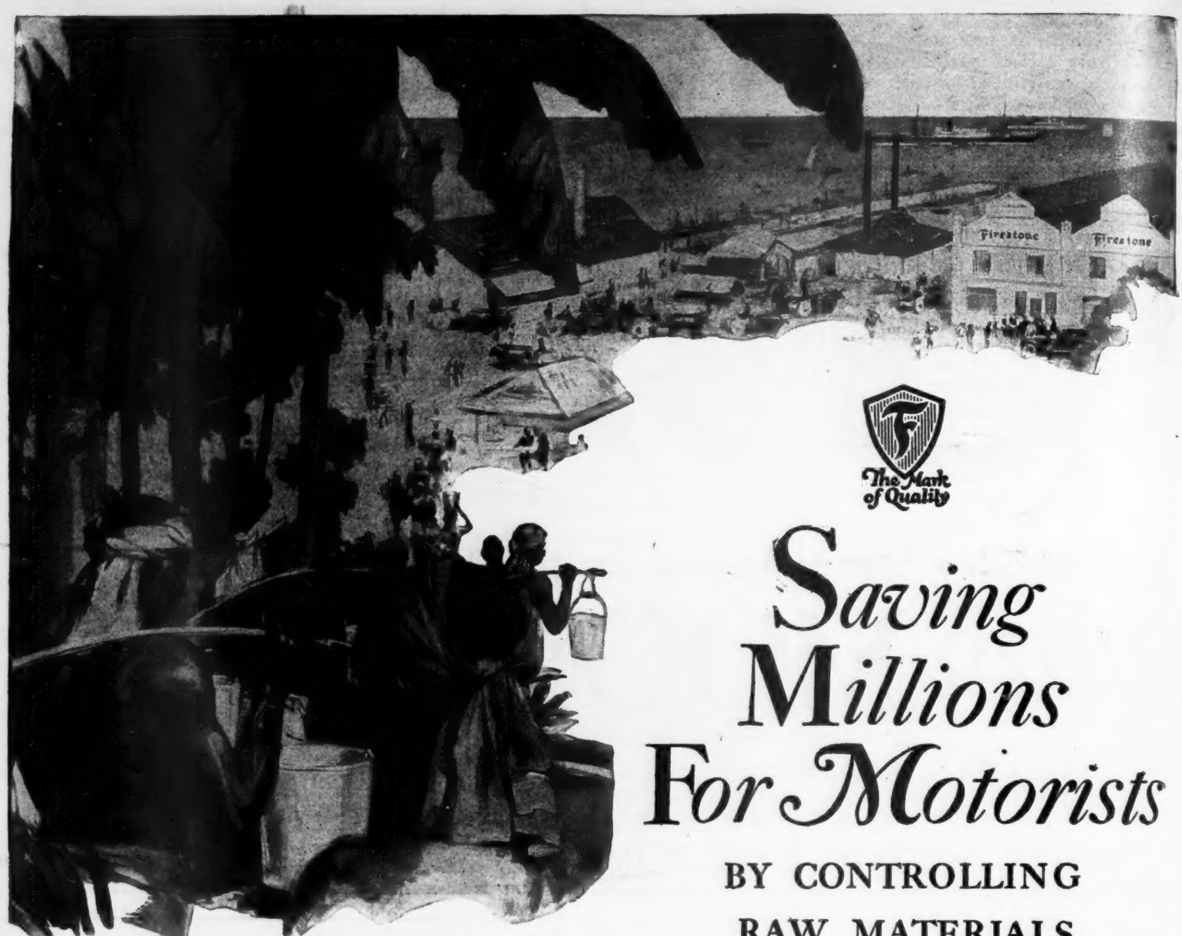
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